
IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT, DIVISION FOUR

Civ. No. B 069450
(Super. Ct. No. BC 052395)

CHURCH OF SCIENTOLOGY INTENTIONAL,

Plaintiff-Respondent

-vs-

GERALD ARMSTRONG,

Defendant-Appellant.

On Appeal From Superior Court Of The State Of California
County of Los Angeles
The Honorable Ronald M. Sohigian

APPELLANT'S APPENDIX IN LIEU OF CLERK'S TRANSCRIPT, VOLUME II

184-465

Ford Greene
HUB LAW OFFICES
California State Bar No. 107601
711 Sir Francis Drake Boulevard
San Anselmo, California 94960-1949
Telephone: (415) 258-0360

PAUL MORANTZ, ESQ.
P.O. Box 511
Pacific Palisades,
California 90272
(213) 459-4745

Attorneys for Appellant
GERALD ARMSTRONG

1 LEWIS, D'AMATO, BRISBOIS & BISGAARD
2 DAVID B. PARKER
3 GRAHAM E. BERRY
4 JAYESH PATEL
5 221 North Figueroa Street, Suite 1200
6 Los Angeles, California 90012
7 (213) 250-1800

8 JOSEPH A. YANNY, ESQ.
9 1925 Century Park East
10 Suite 1260
11 Los Angeles, California 90067
12 (213) 551-2966

13 Attorneys for Amicus Curiae JOSEPH A. YANNY, an individual and
14 JOSEPH A. YANNY, a Professional Law Corporation

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 FOR THE COUNTY OF LOS ANGELES

17 CHURCH OF SCIENTOLOGY
18 INTERNATIONAL, A California
19 not-for-profit religious
20 corporation,
21
22 Plaintiff,

23 vs.

24 GERALD ARMSTRONG and DOES 1
25 through 25, inclusive,
26
27 Defendants.

) No. BC 052 395

) REQUEST FOR JUDICIAL NOTICE OF
) DOCUMENTS BY AMICUS CURIAE
) JOSEPH A. YANNY, DECLARATION OF
) GRAHAM E. BERRY AND DOCUMENTS
) TO BE JUDICIALLY NOTICED

) Date: May 14, 1992
) Time: 8:30 a.m.
) Dept. 86

) [Filed in association with
) amicus curiae brief of JOSEPH
) A. YANNY in opposition to
) plaintiffs' Order to Show Cause
) re Preliminary Injunction,
) Declaration of Graham E. Berry
) and Exhibits, Deposition
) Transcripts of Gerald A.
) Armstrong]

) No Trial Date
) No Discovery Cut-off
) No Motion Cut-off

FILED

MAY 11 1992

JAMES H. DEMPSEY, CLERK

Amicus Curiae
By M. CERVANTES, DEPUTY

1 I. Amicus curiae Joseph A. Yanny hereby requests the court to
2 take judicial notice of the following documents:

3 A. Document dated 17 Feb. 82 entitled "Gerry Armstrong
4 project."

5 B. Press report entitled "Scientology - Police Chief
6 condemns ex-cop's eavesdropping."

7 C. Plaintiffs' opposition to defendants' motion for
8 summary judgment in Bent Corydon v. Michael Flynn, et al.

9 D. Memorandum of Decision, United States Court of
10 Appeals for the Ninth Circuit, July 11, 1991, Vicki J. Aznaran, et
11 al. v. Church of Scientology of California, et al.

12 E. Notice of Motion and Motion for Preliminary
13 Injunction filed in Vicki J. Aznaran, et al. v. Church of
14 Scientology of California et al.

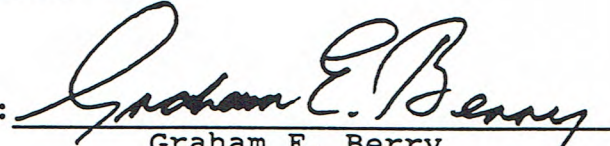
15
16 II. This request for judicial notice is being filed for the
17 reasons set forth in the attached declaration of Graham E. Berry.

18
19 Dated: May 11, 1992.

Respectfully submitted,

20 LEWIS, D'AMATO, BRISBOIS & BISGAARD
21 DAVID B. PARKER
22 GRAHAM E. BERRY
23 JAYESH PATEL

24 By:


25 Graham E. Berry
26 Attorneys for Amicus Curiae Joseph
27 A. Yanny, an individual and Joseph
28 A. Yanny, a Professional Law
Corporation.

Rqjudnot.m09

DECLARATION OF GRAHAM E. BERRY

I, Graham E. Berry, hereby declare and state:

1. I am an attorney duly licensed to practice before the Courts in the State of California, and I am a member of the law firm of Lewis, D'Amato, Brisbois, & Bisgaard, attorneys of record for amicus curiae Joseph A. Yanny, Esq. in this action.

2. I have personal knowledge of the facts contained in this declaration and could and would competently testify to those those facts if called upon to do so. As to those matters which are stated to be upon information and belief, I believe them to be true.

3. This supplemental declaration is offered in support of Joseph A. Yanny's amicus curiae brief in opposition to plaintiffs' order to show cause re preliminary injunction.

4. The attached documents (A through E) of which the court is requested to take judicial notice were discovered during a document review in preparation for the upcoming trial in Religious Technology Center et al. v. Joseph a. Yanny et al., BC 033 035. That document review took place at the law offices of Lewis, D'Amato, Brisbois & Bisgaard on Saturday, May 9, 1992. During that document review I discovered the documents A through E hereto which are relevant to the court's decision herein. With regard to Exhibit B I believe I had previously seen this document but was not aware of its whereabouts.

5. Exhibit A ("Gerry Armstrong project") is offered in support of Joseph A. Yanny's arguments regarding unclean hands at pp. 12:24-13:9 of his amicus curiae brief.

6. Exhibit B, the copy of the press report, is offered in

000186

1 support of footnote 1 on page 2 of the amicus curiae brief of
2 Joseph A. Yanny in opposition to plaintiffs' order to show cause
3 re preliminary injunction.

4 7. Exhibit C, Plaintiffs' opposition to Defendants' motion
5 for summary judgment in the Corydon v. Flynn litigation, is
6 offered in support of Joseph A. Yanny's arguments that injunctive
7 relief should be denied, Amicus Curiae Brief pp. 6-11.
8 Specifically, the declaration of Bent Corydon dated January 7,
9 1990 refers to the suppression of witnesses such as Armstrong:
10 paragraph 6, page 21:7; paragraph 8, page 22 lines 7-24; and
11 paragraph 9, page 22:25-2:7. Those portions of the Corydon
12 declaration support the argument set forth in the amicus curiae
13 brief of Joseph A. Yanny, pages 7:6-10:6.

14 8. The court is respectfully referred to Exhibit E hereto.
15 First, the court is referred to Exhibit G of Exhibit E which is a
16 declaration of Kendrick L. Moxon. In paragraph 3 of that
17 declaration, Mr. Moxon describes mutual release agreements with
18 Vicki and Richard Aznaran which contain similar or identical
19 provisions to the ones Scientology now seeks to enforce against
20 Gerald Armstrong. Second,, the court is respectfully referred to
21 Exhibit A & B of Exhibit E hereto. Specifically, paragraph 6 and
22 8 of both "settlement agreements" contain almost identical
23 provisions to the ones that Scientology seeks to enforce against
24 Armstrong herein.

25 9. The court is respectfully referred to Exhibit D hereto
26 which is the memorandum of the Ninth Circuit of Appeals for the
27 Ninth Circuit. We are not aware of any rule which prevents
28 unpublished night circuit opinions being cited in the state

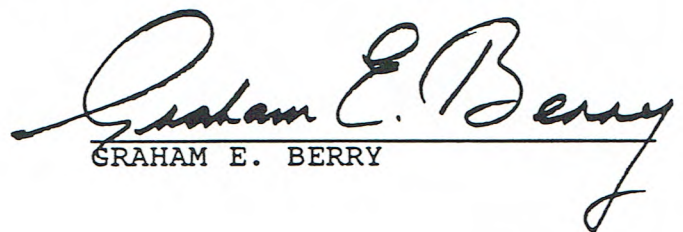
1 courts.

2 In particular, the court is respectfully referred to the
3 second paragraph on page 4 of the Ninth Circuit's decision where
4 the Ninth Circuit holds that the liquidated damages provision of
5 the settlement agreements negates Scientology's argument that it
6 will suffer irreparable injury. In addition, the Ninth Circuit
7 holds that the Aznarans' poverty is no ground for monetary damages
8 being inadequate. This decision affirms the trial court's decision
9 of Judge Ideman declining to grant Scientology's request for a
10 similar preliminary injunction as is being requested herein.

11 This decision is offered in support of the argument on page
12 6:2-10 of the amicus curiae Brief of Joseph A. Yanny ("Other
13 Remedies Are Adequate and There is No Irreparable Harm").

14 I declare under penalty of perjury under the laws of the
15 State of California that the foregoing is true and correct, except
16 as to those matters which are stated to be upon information and
17 belief, and as to those matters they are believed to be true.

18 Executed at Los Angeles, California, on May 9, 1992.

19
20 
21 GRAHAM E. BERRY

22 GEBDECJN.M09
23
24
25
26
27
28

RECEIVED

NOV 28 1989

CUMMINS & WHITE

RECEIVED

NOV 15 1989

HUB LAW OFFICES

1 Earle C. Cooley
2 COOLEY, MANION, MOORE &
3 JONES, P.C.
4 21 Custom House Street
5 Boston, Massachusetts 02110
6 (617) 737-3100

7 Attorneys for Defendants
8 CHURCH OF SPIRITUAL TECHNOLOGY,
9 RELIGIOUS TECHNOLOGY CENTER

10 Eric Lieberman
11 RABINOWITZ, BOUDIN, STANDARD,
12 KRINSKY & LIEBERMAN, P.C.
13 740 Broadway at Astor Place
14 New York, New York 10003-9518
15 (212) 254-1111

16 Attorneys for Defendant
17 CHURCH OF SCIENTOLOGY
18 INTERNATIONAL

19 Michael Hertzberg
20 740 Broadway at Astor Place
21 New York, New York 10003-9518
22 (212) 982-9870

23 Attorneys for Defendant
24 AUTHOR SERVICES, INC.

Kendrick L. Moxon
BOWLES & MOXON
6255 Sunset Blvd.
Suite 2000
Los Angeles, CA 90028
(213) 661-4030

Attorneys for Defendants

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

25 VICKI J. AZNARAN and
26 RICHARD N. AZNARAN,

Plaintiffs,

v.

27 CHURCH OF SCIENTOLOGY OF
28 CALIFORNIA, et al.,

Defendants.

RELIGIOUS TECHNOLOGY
CENTER, et al.,

Counterclaimants,

v.

VICKI J. AZNARAN and
RICHARD N. AZNARAN,

Counterdefendants.

CASE No. CV 88-1786 JMI(Ex)

NOTICE OF MOTION AND
MOTION FOR A PRELIMINARY
INJUNCTION

Date: January 8, 1990
Time: 10:00 a.m.
Court: Honorable James M.
Ideman

000190

1 TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

2 PLEASE TAKE NOTICE that on January 8, 1990 at 10:00 a.m.
3 or as soon thereafter as the matter may be heard in the
4 Courtroom of the Honorable James M. Ideman,^{1/} located at 312
5 N. Spring St., Los Angeles, California, defendants/counter-
6 claimants will and hereby do move for a preliminary injunction
7 against plaintiffs/counter-defendants.

8 This Motion is based upon the irreparable injury to
9 defendants arising out of the Aznaran's breach of release
10 agreements relating to the instant case. Defendants seek a
11 preliminary injunction enforcing the release agreements until
12 this Court has an opportunity to finally determine whether
13 plaintiffs' claims are barred by the agreements. If necessary,
14 defendants request a separate evidentiary hearing on the issues
15 raised by their Motion for a Preliminary Injunction, including
16 questions of fact concerning the validity and effect of the
17 releases signed by plaintiffs.

18 This Motion is also based upon the complete files and
19 records of this case, the separately filed Memorandum of Points
20 and Authorities, and any evidence which may be provided at oral

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ^{1/} Pursuant to the standing order of Judge Ideman, no oral
28 argument is heard on law and motion matters absent a further and
specific order setting oral argument by the Court.

1 argument or at an evidentiary hearing of such hearing.

2 Dated: November 9, 1989

Respectfully submitted,

3 BOWLES & MOXON

4
5 By: 

6 Kendrick L. Moxon

7 Earle C. Cooley
8 COOLEY, MANION, MOORE
& JONES, P.C.

9 Attorneys for Defendants
10 CHURCH OF SPIRITUAL TECHNOLOGY,
RELIGIOUS TECHNOLOGY CENTER

11 Eric Lieberman
12 RABINOWITZ, BOUDIN, STANDARD,
KRINSKY & LIEBERMAN, P.C.

13 Attorneys for Defendant
14 CHURCH OF SCIENTOLOGY
INTERNATIONAL

15 Michael Hertzberg

16 Attorneys for Defendant
17 AUTHOR SERVICES, INC.

18
19
20
21
22
23
24
25
26
27
28 000192

PROOF OF SERVICE

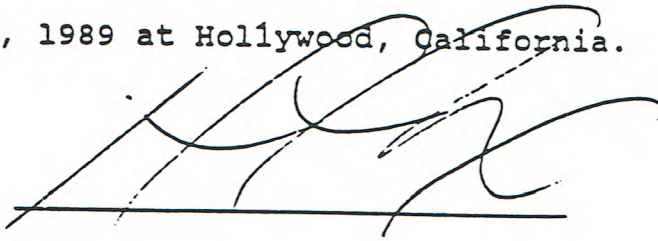
STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On November 9, 1989 I caused to be served the foregoing document described as NOTICE OF MOTION AND MOTION FOR A PRELIMINARY INJUNCTION on interested parties in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at Hollywood, California, addressed as follows:

Ford Greene
711 Sir Francis Drake Blvd.
San Anselmo, CA 94960-1949

Executed on November 9, 1989 at Hollywood, California.

A handwritten signature in black ink, appearing to be 'Ford Greene', written over a horizontal line.

1 Earle C. Cooley
2 COOLEY, MANION, MOORE &
3 JONES, P.C.
4 21 Custom House Street
5 Boston, Massachusetts 02110
6 (617) 737-3100

7 Attorneys for Defendants
8 CHURCH OF SPIRITUAL TECHNOLOGY,
9 RELIGIOUS TECHNOLOGY CENTER

10 Eric Lieberman
11 RABINOWITZ, BOUDIN, STANDARD,
12 KRINSKY & LIEBERMAN, P.C.
13 740 Broadway at Astor Place
14 New York, New York 10003-9518
15 (212) 254-1111

16 Attorneys for Defendant
17 CHURCH OF SCIENTOLOGY
18 INTERNATIONAL

19 Michael Hertzberg
20 740 Broadway at Astor Place
21 New York, New York 10003-9518
22 (212) 982-9870

23 Attorneys for Defendant
24 AUTHOR SERVICES, INC.

Kendrick L. Moxon
BOWLES & MOXON
6255 Sunset Blvd.
Suite 2000
Los Angeles, CA 90028
(213) 661-4030

Attorneys for Defendants

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

25 VICKI J. AZNARAN and
26 RICHARD N. AZNARAN,

Plaintiffs,

v.

27 CHURCH OF SCIENTOLOGY OF
28 CALIFORNIA, et al.,

Defendants.

RELIGIOUS TECHNOLOGY
CENTER, et al.,

Counterclaimants,

v.

VICKI J. AZNARAN and
RICHARD N. AZNARAN,

Counterdefendants.

CASE No. CV 88-1786 JMI(Ex)

MEMORANDUM IN SUPPORT OF
MOTION FOR A PRELIMINARY
INJUNCTION

Date: January 8, 1990

Time: 10:00 a.m.

Dept: Honorable James M. Ideman

000194

TABLE OF CONTENTS

	<u>PAGE</u>
PRELIMINARY STATEMENT.....	2
STATEMENT OF FACTS.....	3
A. The Releases.....	3
B. 'Plaintiffs' Violations of the Release Agreements.....	8
ARGUMENT.....	11
I. DEFENDANTS ARE ENTITLED TO A PRELIMINARY INJUNCTION..	11
A. Defendants Are Likely to Succeed In Demonstrating That The Release And Waiver Agreements Are Enforceable.....	12
1. The Releases are Valid and Enforceable.....	13
2. At Most, The Releases Were Voidable; Since Plaintiffs Have Repeatedly Ratified The Releases, They Are Enforceable.....	14
3. The Releases Bar Plaintiffs From Discussing Their Experiences With the Church And From Volunteering To Be Witnesses Against The Church.....	19
4. The Releases Bar Plaintiffs From Prosecuting This Lawsuit.....	20
5. A Preliminary Injunction Is Appropriate To Compel Compliance With An Agreement.....	26
B. Defendants Will Suffer Irreparable Harm Unless A Preliminary Injunction Is Issued.....	26
C. The Balance Of Equities Tips Decidedly In Favor Of Granting A Preliminary Injunction.....	30
CONCLUSION.....	31

000195

TABLE OF AUTHORITIES

CASE

PAGES

<u>Arcamuzi v. Continental Air Lines,</u> 819 F. 2d 935, (9th Cir. 1987).....	12
<u>Brae Transportation Inc. v.</u> <u>Coopers & Lybrand,</u> 790 F.2d 1439, (9th Cir. 1986).....	20, 21
<u>Buckley v. Valeo,</u> 424 U.S. 1, 96 S.Ct. 612 (1976).....	29
<u>Cantwell v. Connecticut,</u> 310 U.S. 296, 60 S.Ct. 900 (1940).....	30
<u>Central Illinois Public Service Company v.</u> <u>Consolidated Coal Company,</u> 527 F.Supp. 58 (C.D. Illinois 1981), <u>aff'd,</u> 673 F.2d 1333 (7th Cir. 1981).....	26
<u>Cohn v. Bugas,</u> 42 Cal.App.3d 381, 116 Cal.Rptr. 810 (1974).....	21
<u>Collins & Company, General Contractors,</u> <u>Inc. v. Claytor,</u> 476 F.Supp. 407 (N.D. Ga. 1979).....	26
<u>Commercial Ins. Co. of Newark,</u> <u>New Jersey v. Copeland,</u> 248 Cal.App.2d 561, 56 Cal.Rptr. 794 (1967).....	21, 22
<u>Donnelly v. Ayer,</u> 183 Cal.App.3d 978, 228 Cal.Rptr. 764 (1986).....	21
<u>Eustace v. Dechter,</u> 53 Cal.App.2d 726, P.2d 367 (1942).....	4
<u>Everson v. Board of Education,</u> 330 U.S. 1, (1947).....	30
<u>Federal Leasing Inc. v. Underwriters</u> <u>at Lloyds,</u> 650 F.2d 495, (4th Cir. 1981).....	26
<u>Grebe v. McDaniel,</u> 265 Cal.App.2d 901, 71 Cal.Rptr. 662 (1968).....	21

1	<u>Hofland v. Gustafson,</u>	
2	132 Cal.App.2d 907,	
	282 P.2d 1039 (1955).....	20
3	<u>Huckell v. Matranqa,</u>	
4	99 Cal.App.3d 471,	
	160 Cal.Rptr. 177, 183 (1979).....	14
5	<u>IMO Development Corp. v. Dow Corning,</u>	
6	135 Cal.App.3d 451, 185 Cal.Rptr. 341, (1982).....	14, 19
7	<u>Larsen v. Johannes,</u>	
8	7 Cal.App.3d 491,	
	86 Cal.Rptr. 744, (1970).....	19, 24
9	<u>Lemon v. Kurtzman,</u>	
10	403 U.S. 602, 91 S.Ct. 2125 (1971).....	30
11	<u>Maness v. Meyers,</u>	
12	419 U.S. 449, 95 S.Ct. 585 (1975) (Burger, J.)....	29
13	<u>Meyer v. Haas,</u>	
14	126 Cal. 560, 58 P. 1042 (1899).....	15
15	<u>Mississippi Power & Light Co. v. United</u>	
16	<u>Gas Pipe Line Co.,</u>	
17	760 F.2d 618 (5th Cir. 1985).....	26
18	<u>NLRB v. Catholic Bishop of Chicago,</u>	
19	440 U.S. 490, 99 S.Ct. 1313 (1979).....	29
20	<u>Pennea et al. v. CSI</u>	
21	<u>and Aznaran, et al.,</u>	
22	Circuit Court of the Seventeenth	
23	Judicial District, Broward County Florida,	
24	No. 88-30050 CZ.....	6
25	<u>Philipp Brothers Division of Engelhard</u>	
26	<u>Minerals & Chemicals v. El Salto, S.A.,</u>	
27	487 F.Supp. 91 (S.D.N.Y. 1980).....	26
28	<u>Surinach v. Pesquera de Busquets,</u>	
	604 F.2d 73 (1st Cir. 1979).....	29
	<u>Tenzer v. Superscope,</u>	
	39 Cal.3d 18, 31 n. 7,	
	216 Cal.Rptr. 130, n. 7(1985).....	13
	<u>TNT Marketing, Inc. v. Agresti,</u>	
	796 F.2d 276, (9th Cir. 1986).....	26
	<u>Union Pacific R. Co. v. Zimmer,</u>	
	87 Cal.App.2d 524, 197 P.2d 363, (1948).....	18

1	<u>Walz v. Tax Commission,</u>	
2	397 U.S. 664, 90 S.Ct. 1409 (1970).....	29
3	<u>Watkins v. United States,</u>	
4	354 U.S. 178, 77 S.Ct. 1173 (1957).....	30
5	<u>Yeargin Construction Company, Inc. v.</u>	
6	<u>Parsons & Whittemore</u>	
7	<u>Alabama Machinery & Service Corp.,</u>	
8	609 F.2d 829 (5th Cir. 1980).....	26
9	<u>Yeng Sue Chow v. Levi Strauss & Co.,</u>	
10	49 Cal.App.3d 315,	
11	122 Cal.Rptr. 816, (1975).....	19, 20
12	Cal.Civil Code § 1541.....	13
13	Section 1642.....	14
14	The Restatement of Contracts (Second)	
15	§§ 174-175.....	16
16	Cal.Civ.Code §§ 1566, 1567.....	15
17	Cal.Civ. Code § 1588.....	15
18	Sections 405, 417.....	15
19	Cal. Civ. Code § 1586.....	15
20	Cal.Civ. Code § 1589.....	18
21	1 Witkin, Summary of California Law (Ninth Ed.)	
22	§§ 405, 417 (1987).....	15
23	Restatement § 175(1).....	16
24	Comment b to § 175(1).....	16

1

2

3

4

1 raised by their Motion for a Preliminary Injunction, including
2 questions of fact concerning the validity and effect of the
3 releases signed by plaintiffs.

4 Such hearing is particularly important, because this Court
5 indicated at a status hearing in this case, its apparent view
6 that defendants' potentially dispositive motions may be decided
7 on "whether or not the free will of the plaintiffs was
8 overborne" by defendants. (Hearing, July 17, 1989, p. 10.)
9 An evidentiary hearing on the issues raised by the Motion for a
10 Preliminary Injunction will put an end to plaintiffs' practice
11 of asserting the conclusory, self-serving but contradictory
12 claims of "duress" or "brainwashing" which have marked their
13 defenses to previous motions. (See Defendants' Motion to
14 Award Sanctions and Attorneys' Fees, August 15, 1989, passim;
15 Defendants' Reply Memorandum in Support of Motion for Summary
16 Judgment, May 1, 1989, at 3-5, 8-10, 17-21, 23-25, 29-30,
17 35-36.)

18 STATEMENT OF FACTS

19 A. The Releases

20 On April 9, 1987, plaintiffs Richard Aznaran and Vicki
21 Aznaran ("plaintiffs") left their staff positions with
22 defendants. At that time plaintiffs each entered into
23 identical Mutual Release Agreements with defendants
24 (hereinafter the "Releases" or "agreements"). Copies of these
25 Releases are annexed to the Moxon Declaration as Exhibits A
26 and B. Pursuant to the Releases, plaintiffs gave up "any and
27 all claims, demands, damages, actions and causes of action of
28 every kind and nature, known or unknown, from the beginning of

1 time to and including the date hereof," which they could have
2 asserted against the defendants. (Ex. A at para. 3; Ex. B
3 at para. 3.)^{1/} The Releases also required that plaintiffs
4 "maintain strict confidentiality and silence with respect to
5 [their] experiences with the Church of Scientology and any
6 knowledge or information [they] may have concerning the Church
7 of Scientology ..." (Ex. A at para. 6C; Ex. B at para.
8 6C.) The Releases also contained a covenant not to sue. (Ex.
9 A at paras. 3, 6B; Ex. B at paras. 3, 6B.) Finally,
10 plaintiffs promised not to voluntarily assist, cooperate or
11 testify in any proceeding against defendants, unless required
12 to do so by lawful process. (Ex. A at paras. 6E; Ex. B at
13 paras. 6E, 6F.)

14 On April 9, 1989, plaintiff Richard Aznaran executed a
15 separate "Declaration and Release of Claims," concerning,
16 inter alia, his employment from January 24, 1986 until
17 April 1, 1987. In that document, he released "Norman F.
18 Starkey individually and as Trustee of Author's Family Trust,
19 the Estate of L. Ron Hubbard, Author Services, Inc. and their

20 1. By their terms, the Releases protected the Religious
21 Technology Center; Church of Scientology International; Church
22 of Scientology of California; Church of Spiritual Technology;
23 all other Scientology organizations or entities as well as the
24 officers, agents, representatives, employees, volunteers,
25 trustees, directors, successors, assigns, and legal counsel of
26 each of the foregoing organizations or entities; Pat Broeker
27 and Anne Broeker ...; and Author Services Incorporated, its
28 officers, agents, representatives, employees, volunteers,
trustees, directors, successors, assigns, and legal counsel;
the Estate of L. Ron Hubbard, its executor, beneficiaries,
legal counsel and employees; Author's Family Trust, its
trustees, employees, beneficiaries, and legal counsel. Ex. A
at para. 1; Ex. B at para. 1. Such releases are thus binding
as to all defendants in the instant lawsuit. Eustace v.
Dechter, 53 Cal.App.2d 726, 128 P.2d 367 (1942) (a release
binding "all persons" is valid against persons not specifically
named in it).

1 respective employees, agents, attorneys, heirs, successors,
2 alter egos, executors, administrators and assigns ... from any
3 and all debts, demands, claims, causes of action in law and in
4 equity, liabilities, costs or expenses of any nature
5 whatsoever, known or unknown ..." (Ex. C.)

6 Plaintiffs took substantial consideration in exchange for
7 these releases, including a \$20,000 loan on very favorable
8 terms. The principal need not be repaid at all for ten (10)
9 years. The interest is only five percent (5%), and need be
10 paid only once a year. To this day, plaintiffs have failed to
11 repay this loan or make any interest payments, despite the fact
12 that three times they have been asked by written notice for
13 interest payments due. (Declaration of Mark C. Rathbun at
14 para. 13.) No interest at all has been paid for 1987, 1988 or
15 1989. This loan was extremely important to the Aznarans, as it
16 enabled them to establish themselves in Dallas, Texas and to
17 begin a new business there. (Declaration of Mark C. Rathbun
18 at para. 7.)

19 Plaintiffs also took an indemnity against all civil claims
20 brought against them arising from their staff positions within
21 the Church of Scientology and Religious Technology Center.
22 This indemnification clause alone was of considerable value to
23 plaintiffs. Vicki Aznaran has been named as a defendant in two
24 separate lawsuits. Defendants honored their indemnity
25 agreement in both cases. In one case, damages of over one
26 billion dollars are sought. Defendants obtained a dismissal of
27 the two defendants served at that time. (Ex. D.) In the
28 second case, in November 1988, Vicki Aznaran was named in a

1 sixty-million dollar damage action, Pennea et al. v. CSI
2 and Aznaran, et al., Circuit Court of the Seventeenth
3 Judicial District, Broward County Florida, No. 88-30050 CZ.
4 (See Ex. E.) Defendants moved to dismiss and successfully
5 negotiated the dismissal of that case on January 5, 1989.
6 (Ex. F.) Defendant obtained these dismissals at considerable
7 expense, for the benefit of all named defendants, including
8 Vicki Aznaran.

9 Vicki Aznaran has testified that this indemnification was
10 important to her:

11 Q. One of the things is in this release ... is an
12 agreement by the Church to indemnify you ... That
13 was a matter of some importance to you to have
14 that protection, wasn't it?

15 A. It seems that I discussed that.

16 Q. As a matter of fact, you knew that you had been
17 named as a defendant in the FAIR suit?

18 A. Yes.

19 Q. But that you hadn't been served yet and if you
20 were served, you certainly wanted to be defended
21 and didn't want to be exposed to liability?

22 A. That's right.

23 (Ex. G. at pp. 1119-1120.)

24 In addition, the conduct of both the Aznarans amply
25 demonstrates that the indemnification arrangement was important
26 to them. As they were leaving the Church, they both expressed
27 concerns that they would be represented by counsel, should they
28 ever be named as defendants either individually or along with

1 any other Church of Scientology in any legal proceedings.
2 (Declaration of Mark C. Rathbun at paras. 3, 8; Ex. H,
3 Declaration of Lawrence E. Heller at para. 4.) They both
4 expressed the desire that the Church arrange for Vicki's
5 representation in the on-going case of Stansfield v.
6 Starkey, pending in the Los Angeles Superior Court.
7 (Declaration of Mark C. Rathbun at para 3; Declaration of
8 Lawrence E. Heller at para 4.)^{2/} Vicki Aznaran stayed in
9 contact with the President of the Religious Technology Center
10 to discuss the lawsuit, as a part of the Church's
11 implementation of its promise to indemnify her. (Declaration
12 of Mark C. Rathbun at paras. 5, 8.)

13 The Aznarans will undoubtedly attempt to claim that the
14 releases are invalid because they were allegedly signed while
15 the Aznarans were under the effect of so-called "brainwashing"
16 and that they somehow, "woke up" from this "brainwashing" and
17 filed suit as a result of the harm they realized they suffered.
18 Aside from this position being contrary to law (See, Section
19 A, A. 2 infra), this position is completely contradicted by
20 the facts in this case.

21 The facts are that in late 1987, the Aznarans became upset
22 only after they were refused permission to deliver Scientology
23 services for compensation to a Dallas area parishioner without
24 first completing the steps required to be taken by Church

25 2. Numerous other benefits were offered to the Aznarans and
26 accepted by them as part of their leaving of the Church. The
27 President of the Religious Technology Center assisted the
28 Aznarans in establishing a private investigator's business in
Texas and arranged for the sale of the Aznarans' horse.
(Declaration of Mark C. Rathbun at paras. 4, 6, 9.)

1 policy for the Aznarans to become active Church members. This
2 disagreement was exacerbated by former Church counsel, Joseph
3 Yanny, in early 1988 when he sought the Aznarans' assistance
4 in his attempt to extort money from the Church. (Declaration
5 of Mark C. Rathbun at paras. 10 - 15, 17.)

6 Thus, it is clear that the idea to sue the Church only
7 came about through contacts with Joseph Yanny, a disgruntled
8 former Church counsel. The Aznarans' claims of "duress" and
9 "brainwashing" are a sham. The only duress present between the
10 Aznarans and the Church were the extortionate threats made by
11 the Aznarans.

12 Plaintiffs have at no time rescinded their releases of
13 defendants. Plaintiffs never offered to restore the
14 consideration they received. Instead, plaintiffs continue to
15 accept and enjoy the benefits of their bargain with defendants,
16 while flagrantly violating their obligations under the
17 agreement.

18 B. Plaintiffs' Violations of the Release Agreements

19 Plaintiffs have repeatedly and flagrantly violated the
20 release agreements. First, they commenced this lawsuit, in
21 violation of the covenant not to sue. Second, they blatantly
22 disregarded their promises not to divulge information about
23 their experiences while members and staff of the Church of
24 Scientology and not to cooperate or appear voluntarily in other
25 proceeding against the Church.

26 Plaintiffs met several times with Joseph Yanny, a former
27 attorney for the Church who is now in litigation with the
28 Church over his improper billings of the Church and his

1 breaches of his fiduciary and attorney-client relationship with
2 the Church. (Declaration of Kendrick Moxon at paras. 5, 6.)
3 These meetings occurred between March 18, 1988 to March 31,
4 1988. Plaintiffs discussed with Yanny this lawsuit, the nature
5 of their claims, their statute of limitations problems and
6 other issues. They also discussed strategy with Yanny, and
7 each provided the other with what they knew about defendants'
8 approaches to litigation and how to exploit what they perceived
9 as weaknesses in these approaches. These breaches of
10 obligations to defendants by the Aznarans were designed to
11 assist Yanny in his litigation against the Church and Yanny's
12 breaches of his attorney-client obligations to defendants were
13 designed to assist the Aznarans in the instant action.
14 (Declaration of Kendrick Moxon at para. 6.)

15 In June of 1988, plaintiffs again breached their agreement
16 to maintain confidentiality by meeting for over eight hours
17 with two Los Angeles Times reporters and discussing their
18 experiences with various of the defendants, including the
19 Religious Technology Center, both real and imagined. (See
20 Declaration of Kendrick Moxon, Exhibit G thereto; Depo. of
21 Vicki Aznaran at 48-59, 55; Ex. I, Depo. of Richard Aznaran
22 at 222-23.)^{3/}

23 The Aznarans also called and met with Bent Corydon,

24 3. The Aznarans' meeting with the Los Angeles Times was a
25 result of a threat made by Joseph Yanny against defendants.
26 Yanny threatened defendants that, if they did not drop their
27 lawsuit against him, he would himself go to the LA Times. When
28 defendants proceeded with their litigation against Yanny for his
breaches of his fiduciary duty, Yanny, who had been working
closely with the Aznarans, sent the Aznarans instead.
(Declaration of Mark C. Rathbun at para. 17.)

1 another litigant against the Church, and discussed with him
2 their version of experiences with the Religious Technology
3 Center and other Church entities. These discussions occurred
4 during the time that Corydon was involved in litigation
5 against RTC and others. Vicki Aznaran has also voluntarily
6 authored various declarations and affidavits (5 in total) for
7 use in that Corydon lawsuit and in another lawsuit brought by
8 Corydon against various Churches of Scientology. The most
9 recent affidavit was executed on September 29, 1989.

10 (Declaration of Kendrick Moxon at paras. 8, 9, 10.)

11 In another case as well, RTC v. Robin Scott/Larry
12 Wollersheim, Case Nos. CV 85-711 JMI 85-7197 JMI, Vicki
13 Aznaran voluntarily met with parties in litigation against the
14 Church in June 1988 and, in October, 1988, voluntarily filed a
15 declaration which contained statements and allegations in
16 violation of her release agreement with defendants herein. In
17 this declaration, Vicki Aznaran described the chronology of her
18 purported experiences while a member and staff member of
19 different Churches of Scientology. (Declaration of Kendrick
20 Moxon at para. 11.)

21 These breaches of the release agreements have caused
22 irreparable harm to defendants. In addition to forcing
23 defendants to expend enormous resources in defending this
24 action, defendants are injured by the disclosure of information
25 plaintiffs learned while they were in a fiduciary relationship
26 to defendants, including material protected by the

27 ///

28 ///

1 attorney-client privilege.^{4/} All of these disclosures were
2 blatantly violative of the release agreements.

3 ARGUMENT

4 I.

5 DEFENDANTS ARE ENTITLED

6 TO A PRELIMINARY INJUNCTION

7 In this Circuit, a preliminary injunction is available to a
8 party who demonstrates either:

9 (1) a combination for probable success and the
10 possibility of irreparable harm, or (2) that
11 serious questions are raised and the balance of
12 hardships tips in its favor. 'These two
13 formulations represent two points on a sliding
14 scale in which the required degree of irreparable
15 harm increases as the probability of success
16 decreases.'

17 4. From about 1972 to 1987, Vicki Aznaran was a member of the
18 staff of one or another Church of Scientology. Ex. G,
19 Deposition of Vicki Aznaran at 340-41, 979. In or about 1978,
20 Vicki Aznaran joined the Sea Org, a fraternal and
ecclesiastical organization within the religion.

21 Vicki rose in responsibility during her tenure with the
22 Church and her membership in the Sea Organization, until in May
23 of 1985 she assumed the responsibilities of Inspector General
24 of the Religious Technology Center ("RTC"). Ex. G at p. 1003.
This position was one of the highest ecclesiastical positions
in the religion, as the RTC was responsible for preserving the
integrity of the religious practices of the organized churches
of Scientology in accordance with the scriptural works of the
Founder of the religion. (Ex. G at p. 218-220.)

25 Vicki Aznaran has testified that, as the head of RTC, Vicki
26 had overall responsibility for all the legal affairs of RTC.
27 Vicki had the final approval on pleadings and papers filed in
28 RTC litigation, and regularly worked with RTC attorneys on both
litigation and non-litigation matters. (Exhibit J, Vicki
Aznaran Declaration, August 9, 1988, paras. 3, 8.)

1 Arcamuzi v. Continental Air Lines, 819 F. 2d 935, 937 (9th
2 Cir. 1987), quoting from Oakland Tribune, Inc., v.
3 Chronical Publishing Co., 762 F.2d 1374, 1376 (9th Cir.
4 1985).

5 Under either of the standards articulated above,
6 defendants are entitled to a preliminary injunction.
7 Defendants have raised more than serious questions about
8 whether the release and waiver agreements bar the Aznarans from
9 prosecuting this lawsuit and from violating the confidentiality
10 and non-disclosure provisions of their agreements with
11 defendants. Indeed, defendants' showing on the merits meets
12 the probable success prong of the standard.

13 Further it is indisputable that defendants have been
14 harmed by plaintiffs' violations of the agreements and, in the
15 absence of preliminary injunctive relief, that defendants will
16 suffer further irreparable harm. Plaintiffs, by contrast, will
17 suffer no harm from any delay occasioned by a determination of
18 the enforceability of the releases prior to any further
19 litigation of the merits of the case.

20 A. Defendants Are Likely to Succeed

21 In Demonstrating That The Release

22 And Waiver Agreements Are Enforceable

23 Plaintiffs received valuable consideration in exchange for
24 their waivers of potential claims and their agreements to
25 maintain confidentiality. The agreements were entered into
26 knowingly and willingly by plaintiffs, or at most, were
27 voidable and have been repeatedly ratified by plaintiffs'
28 conduct. These agreements on their face prohibit plaintiffs

1 from prosecuting the claims set forth in their complaint, and
2 from disclosing information and volunteering as witnesses in
3 other litigation against defendants.

4 1. The Releases are Valid and Enforceable

5 The Releases signed by plaintiffs are valid and
6 enforceable under California law. Since the Releases are in
7 writing, they are valid even absent consideration. See
8 Cal.Civil Code § 1541 ("An obligation is extinguished by a
9 release therefrom given to the debtor by the creditor, upon a
10 new consideration, or in writing, with or without new
11 consideration"). See also Tenzer v. Superscope, 39
12 Cal.3d 18, 31 n. 7, 216 Cal.Rptr. 130, 137 n.7 (1985)
13 ("Civil Code Section 1541 permits the extinction of an
14 obligation, unsupported by considerations, provided that the
15 release is in writing").

16 Moreover, the plaintiffs received consideration for
17 executing the Releases. Defendants promised to indemnify
18 plaintiffs against claims based on plaintiffs' association
19 with the Church of Scientology. (Ex. A at para. 2.) This
20 promise was particularly valuable to Vicki Aznaran, since at
21 the time the Releases were executed, Vicki Aznaran had been
22 named as a defendant in a lawsuit that had been brought against
23 the Church of Scientology. See pp. 4 and 6 supra. Richard
24 Aznaran was paid \$1,040.90 as full settlement for personal
25 property belonging to Richard Aznaran which had been destroyed
26 in a fire and \$387.37 in wages owed to Richard Aznaran. (Ex.
27 C at paras. C and D.) And, as noted above, defendants also
28 gave plaintiffs a loan of \$20,000 on extremely favorable

1 terms.^{5/}

2 Finally, it should be noted that the two identical Releases
3 (Exhibits A and B) are mutual. Defendants released the
4 Aznarans from any and all claims "of every kind and nature,
5 known or unknown, for or because of any act or omission
6 allegedly done by plaintiffs from the beginning of time to and
7 including the date of execution." (Ex. A at para. 4; Ex. B
8 at para. 4.) As the former president of RTC, removed from her
9 position because of her misfeasance in office, Vicki had
10 substantial potential liability. The mutuality of the Releases
11 thus conferred substantial benefit and consideration to
12 plaintiffs.

13 2. At Most, The Releases Were Voidable;

14 Since Plaintiffs Have Repeatedly Ratified
15 The Releases, They Are Enforceable

16 Defendants submit that plaintiffs signed the releases
17 completely free of any sort of coercion, undue influence, duress
18 or mistake. See Defendants' May 8, 1989 Reply Memorandum In
19 Support of Motion for Summary Judgment at pages 15-36. In its

20 5. Although the Releases signed by plaintiffs do not recite
21 the twenty thousand dollar (\$20,000) loan as part of the
22 consideration for the Releases, the Loan Agreement and the
23 Releases were signed contemporaneously. Moreover, both the loan
24 agreement and the Releases concerned the same subject matters:
25 the documents were to terminate the connections between the
26 plaintiffs and the Church of Scientology. California Civil Code
27 § 1642 states that agreements "relating to the same subject
28 matter and executed as parts of substantially one transaction
are to be construed together as one contract." Huckell v.
Matranga, 99 Cal.App.3d 471, 481, 160 Cal.Rptr. 177, 183
(1979) (citations omitted). Accord, IMO Development Corp.
v. Dow Corning, 135 Cal.App.3d 451, 463, 185 Cal.Rptr.
341, 348 (1982). Thus, the Loan Agreement and the Releases
must be read as one contract, and the loan is clearly
consideration for plaintiffs' Releases.

000211

1 May 25, 1989 Order Denying Defendants' Motion for Summary
2 Judgment, this Court decided that there are issues of fact as to
3 whether plaintiffs consented to the release and waiver
4 agreements. Defendants respectfully disagree and submit that,
5 at most, the Releases were voidable, not absolutely void.
6 Cal.Civ.Code §§ 1566, 1567.^{6/} This distinction means that
7 the allegedly wronged party must act in a timely and affirmative
8 manner to rescind a voidable contract. The allegedly wronged
9 party can also ratify a voidable contract by his or her
10 subsequent conduct, as plaintiffs have done in this case.
11 Cal.Civ. Code § 1588. However, the point to determine these
12 questions is now, in the context of a full evidentiary hearing,
13 prior to continuing any further in this case.

14 Only in rare situations where fraud or duress goes to the
15 inception or execution of the agreement, so that the promissor
16 is deceived as to the very nature of his act, and actually does
17 not intend to enter into a contract at all, is the contract
18 void. 1 Witkin, Summary of California Law (Ninth Ed.) Contracts
19 §§ 405, 417 (1987). Thus, for example, in Meyer v. Haas,

20 6. Cal. Civ. Code § 1586 states:

21 A consent which is not free is nevertheless not
22 absolutely void, but may be rescinded by the
23 parties, in the manner prescribed by the Chapter
24 on Rescission.

24 Section 1567 states:

25 An apparent consent is not real or free when
26 obtained through:

- 26 9. Duress
27 10. Menace
28 11. Fraud
12. Undue influence; or
13. Mistake

1 126 Cal. 560, 583, 58 P. 1042 (1899), plaintiff who could not
2 read English, signed a release relying on the representation of
3 his agent, who also acted as agent for the adverse party, that
4 the instrument actually was a receipt. The court held the
5 release void.^{7/}

6 As this Restatement analysis shows, plaintiffs' Releases
7 were, at most, voidable and not absolutely void.

8 Plaintiffs here were quite well aware of the nature of the
9 documents they were signing. In his deposition, Richard
10 Aznaran testified that he knew he was signing a release in
11 favor of the Church. Plaintiffs' Exhibit C in Opposition to
12 Summary Judgment ("Pl. Ex. C") at 154, 190. He further

13 7. The Restatement of Contracts (Second) §§ 174-175 makes
14 this distinction clear. Section 174 provides:

15 If conduct that appears to be a manifestation of
16 assent by a party who does not intend to engage in
17 that conduct is physically compelled by duress,
the conduct is not effective as a manifestation of
assent.

18 The Restatement gives the following example of this
19 "relatively rare situation": B refuses to sign a contract. A
20 grabs B's hand and compels B by physical force to write his
name. B's signature is not effective as a manifestation of his
assent, and there is no contract. Plaintiffs do not allege any
facts showing that this sort of force or duress occurred here.

21 Restatement § 175(1) describes the sort of duress that
22 renders a contract voidable:

23 If a party's manifestation of assent is induced by
24 an improper threat by the other party that leaves
the victim no reasonable alternative, the contract
is voidable by the victim.

25 Comment b to § 175(1) states that, to render a contract
26 voidable, there must have been threats which "arouse such fear
27 as precludes a party from exercising free will and judgment or
that [are] such as would induce assent on the part of a brave or
a man of ordinary firmness."

28 000213

1 testified, "I can recall signing a release which contained many
2 of these same type of provisions: although he alleges that he
3 does not recall the exact provisions of the release he signed.
4 Id. at 58. Vicki Aznaran testified, "I signed a whole stack
5 of documents the day I left that I did not thoroughly read" but
6 that there was a release which she "skimmed over." (Pl. Ex. D
7 at 483-87.) She testified that she was completely aware she was
8 signing a release but that she "didn't pay a whole lot of
9 attention to that release." Id. at 898-99. Thus, there is
10 no dispute that both plaintiffs were entirely conscious of the
11 fact that they were signing releases in which they promised not
12 to sue the Church and to maintain confidentiality.^{8/}

13 Plaintiffs were completely aware of the nature of their
14 agreements and fully understood them. Vicki, for example,
15 became employed at a law firm in Dallas shortly after her

16
17 8. Plaintiffs further testified that they both were
18 sophisticated in legal matters and familiar with releases.
19 Richard Aznaran testified that he was familiar with mutual
20 release agreements. He previously had seen the same type of
21 release agreement he signed, and had read and discussed releases
22 generally with others before he signed his release of
23 defendants. Ex. I at 132-133. Vicki Aznaran testified that,
24 while a member of Scientology, she had significant experience
25 with defendants' legal affairs:

26 As president of RTC ... I attended many meetings
27 concerning the numerous legal actions involving
28 Scientology. During this time period, I had
personal access to all legal documents having to
do with RTC. I received a report every day on
my computer that included a synopsis of each
ongoing legal case involving Scientology. I
received, or so I was told, copies of every major
motion filed in cases involving Scientology. I
was on the "approval lines" for legal documents
dealing with RTC.

Ex. J at paras. 8-10.

1 departure from the Church in California. (Declaration of William
2 Neil at para 3.) She was extremely competent legally, and at
3 least one partner in the firm consistently relied upon her
4 expertise in competently handling legal matters. (Declaration of
5 William Neil at para 4.) Thus, at most, the releases were
6 voidable and not absolutely void.

7 Plaintiffs have never even alleged that they have
8 rescinded or restored the consideration. (Declaration of Mark
9 C. Rathbun at para. 16.) Instead, they have ratified the
10 releases. As a matter of law, plaintiffs' continued acceptance
11 and enjoyment of the benefits of the transaction, well beyond
12 the time they left the Church and beyond the time they claim to
13 have been under the Church's influence, as a matter of law
14 constitutes consent to and ratification of all obligations of
15 the transactions, including the releases. Cal.Civ. Code §
16 1589.

17 The test of ratification by conduct is whether the
18 allegedly wronged party, with knowledge of the material facts
19 entitling him to rescind, engaged in unequivocal conduct giving
20 rise to the inference that he or she intended to ratify. The
21 undisputed actions of plaintiffs here as a matter of law more
22 than constitute ratification by conduct. E.g., Union
23 Pacific R. Co. v. Zimmer, 87 Cal.App.2d 524, 197 P.2d
24 363, 368 (1948). Plaintiffs have retained and used the
25 proceeds of a \$20,000 loan which was part of their settlement
26 of all potential claims with the Church. They received the
27 benefits of defendants' indemnification agreement in two
28 multi-million dollar lawsuits. This conduct alone has been

1 held sufficient to constitute ratification. Id.

2 Plaintiffs are attempting to "have it both ways." They
3 retain the consideration they received from the Church's attempt
4 to avoid the effect of their releases of the Church. California
5 courts have rejected this type of self-serving approach:

6 [I]t is axiomatic that in such an instance the
7 entitled party must rescind the entire contract
8 and may not retain the rights under it which he
9 deems desirable and repudiate the remainder. The
10 rationale underlying the rule is that retention of
11 only the benefits constitutes unjust enrichment
12 and binds the parties to terms not contemplated
13 within the agreement.

14 IMO Development Corp. v. Down Corning, 135 Cal.App.3d at
15 458, 185 Cal.Rptr. at 345 (citations omitted). Under
16 California law, a settlement agreement may not be rescinded
17 partially. E.g., Larsen v. Johannes, 7 Cal.App.3d 491,
18 503, 86 Cal.Rptr. 744, 751 (1970). Plaintiffs never
19 rescinded their settlement agreement with the Church, have not
20 restored the benefits they received, and instead have ratified
21 the releases.

22 3. The Releases Bar Plaintiffs From
23 Discussing Their Experiences
24 With the Church And From
25 Volunteering To Be Witnesses
26 Against The Church

27 A release, like any other contract, is to be interpreted
28 according to its terms. Yeng Sue Chow v. Levi Strauss & Co.,

1 49 Cal.App.3d 315, 328 122 Cal.Rptr. 816, 823-24 (1975);
2 Hofland v. Gustafson, 132 Cal.App.2d 907, 909, 282 P.2d 1039
3 (1955). If the terms are clear, they are to be given effect.
4 Yeng Sue Chow v. Levi Strauss & Co., supra; Brae
5 Transportation Inc. v. Coopers & Lybrand, 790 F.2d 1439,
6 1443 (9th Cir. 1986) (applying California law).

7 The Releases here plainly state that plaintiffs will
8 maintain "strict confidentiality ... with respect to [their]
9 experiences with the Church of Scientology and any knowledge or
10 information [they] may have concerning the Church of
11 Scientology. ..." (Ex. A at para. 6C; Ex. B at para. 6C.)
12 The Releases also explicitly bar plaintiffs from "voluntarily
13 assist[ing] or cooperat[ing] ... in any proceeding against any
14 of the Scientology organizations," (Ex. A at para. 6E; Ex. B
15 at para. 6E), and from "testify[ing] or otherwise
16 participat[ing] in any ... judicial proceeding adverse to
17 Scientology ... unless compelled to do so by lawful subpoena or
18 other lawful process." (Ex. A at para. 6F; Ex. B at 6F.)
19 These promises, which are completely standard settlement
20 provisions and entirely enforceable, have been utterly ignored
21 by plaintiffs. See pp. 8 to 12, supra.

22 4. The Releases Bar Plaintiffs From
23 Prosecuting This Lawsuit

24 The Releases signed by plaintiffs clearly and explicitly
25 state the plaintiffs "release, acquit and forever discharge ...
26 any and all claims, demands, damages, actions and causes of
27 action of every kind and nature, known or unknown, from the
28 beginning of time until the date hereof." (Exhibit A at para. 3;

1 Exhibit B at para. 3.) See also Exhibit C at para. 1. By
2 their terms, therefore, the Releases bar all the claims asserted
3 by plaintiffs insofar as they arise out of acts occurring before
4 the signing of the Releases. The terms of the Releases bar
5 plaintiffs' tort claims as well as their contract claims.
6 See, e.g., Brae Transp. v. Coopers & Lybrand, supra
7 (breach of stock purchase agreement); Donnelly v. Ayer, 183
8 Cal.App.3d 978, 228 Cal.Rptr. 764 (1986) (attorney
9 malpractice).

10 The Releases signed by plaintiffs bar all of the instant
11 claims, known or unknown. Where, as in the instant case, a
12 releasor also knows or suspects that he has suffered some harm
13 but he nevertheless signs a full release, the releasor is bound
14 by the terms of the release. See Cohn v. Bugas, 42
15 Cal.App.3d 381, 116 Cal.Rptr. 810 (1974); Grebe v. McDaniel,
16 265 Cal.App.2d 901, 71 Cal.Rptr. 662 (1968); Commercial Ins.
17 Co. of Newark, New Jersey v. Copeland, 248 Cal.App.2d 561, 56
18 Cal.Rptr. 794 (1967).

19 The plaintiff in Cohn v. Bugas, supra, had been injured
20 in a car accident and had subsequently executed a release. At
21 the time the release was executed, plaintiff knew she had a
22 cervical sprain. A year later, she suffered a cervical fusion
23 arising from the accident, and she attempted to bring suit. The
24 court held that, because plaintiff knew she had suffered some
25 back problems at the time she signed the release, the release
26 barred her suit. 42 Cal.App.3d at 391, 116 Cal.Rptr. at 817.

27 The plaintiff in Grebe v. McDaniel, supra, was also
28 injured in an automobile accident. At the time she executed her

1 release, she was aware of pain in her neck and back. She
2 claimed to be unaware of the full seriousness of the injuries,
3 however, and brought suit. The court held that the release
4 barred her suit. The court stated:

5 Here plaintiff knew, at time of release, of the
6 general nature and location of her injury and of
7 continuing effects from it. Her lack of detailed
8 knowledge of the medical terminology applying to
9 it, and of the specific treatment required, is not
10 enough to limit the bar of the release.

11 71 Cal.Rptr. at 663.

12 In Commercial Ins. Co. v. Copeland, the plaintiff
13 suffered back pains about a month after a car accident. Despite
14 her suspicions that the car accident was the cause, she
15 nevertheless signed a release. The court held that the release
16 barred any possible cause of action for the back pain because of
17 her mere suspicion that the back pain may have been caused by
18 the accident. 56 Cal.Rptr. at 798.

19 Plaintiffs' own testimony in this case demonstrates that at
20 the time they signed the Releases, they knew of each of the
21 claims which are the basis for the instant suit. The first
22 claim is that Vicki Aznaran was falsely imprisoned during the
23 time she was at Happy Valley. If she had been imprisoned,
24 surely she would have been aware of it. Vicki Aznaran testified
25 of her contemporaneous knowledge of specific alleged events
26 concerning this purported false imprisonment. Indeed, Ms.
27 Aznaran registered complaints to Church staff concerning the
28 conditions at Happy Valley at the time, prior to signing the

1 Releases. Richard Aznaran also testified that he was extremely
2 upset in February of 1987 when he learned that Vicki was at
3 Happy Valley. (Exhibit I at 395-96.)

4 Plaintiffs' second and third claims are for alleged
5 infliction of emotional distress. According to the complaint,
6 plaintiffs suffered such alleged distress prior to the execution
7 of the Releases and with knowledge of the cause of such
8 distress. Ms. Aznaran testified that her auditing from the
9 Church allegedly caused her "psychological trauma or distress"
10 in 1976 and that she attributed two weeks of sickness to this
11 "trauma" at that time. Ms. Aznaran also testified as to a
12 number of persons with whom she discussed her alleged "trauma"
13 in the years 1976-1981, including her husband Richard.

14 Similarly, if plaintiffs' allegations are taken at face
15 value, the plaintiffs' fourth claim for loss of consortium must
16 be barred by the Releases, as the alleged loss occurred prior
17 to the time plaintiffs signed the Releases. Vicki Aznaran has
18 testified that after April 1, 1987, she and her husband could
19 and did engage in sexual relations whenever they chose. Ms.
20 Aznaran also testified that at the time that Richard was posted
21 in San Luis Obispo in January 1986, that he was very upset
22 because it meant that they would be separated. Vicki also
23 testified that in the fall of 1986 she complained and discussed
24 with another staff member that she considered resigning from her
25 position as Inspector General because she was separated from
26 her husband too long. Thus, when the Releases were signed, the
27 plaintiffs were aware of any such alleged loss of consortium.
28 Thus, this claim is barred.

1 The fifth cause of action is for civil conspiracy, based on
2 the actions which allegedly gave rise to the first four causes
3 of action. As discussed above, plaintiffs were aware of the
4 harm allegedly caused by these actions prior to the signing of
5 the Releases, and this claim is barred.

6 The sixth cause of action for fraud is again based entirely
7 on alleged harms arising out of Scientology practices of which
8 the plaintiffs were well aware prior to the day on which they
9 signed the Releases. Richard Aznaran testified that when he was
10 on staff he believed that the Church's goals were merely to make
11 money -- not to provide spiritual services to its parishioners.
12 Richard also testified that he never believed in the goals of
13 the Sea Organization. When plaintiffs signed the Releases,
14 therefore, their purported fraud claim was fully known to them.
15 Indeed, if there is any fraud, it was perpetrated by
16 plaintiffs.

17 The Complaint's Seventh Cause of Action for breach of
18 contract alleges that defendants had promised to provide
19 "spiritual or psychological services" but did not provide such
20 services. Vicki Aznaran testified that she told a number of
21 persons in 1977 that her auditing and auditor training had
22 caused her "psychological trauma" and had exercised "undue
23 influence" over her. Plaintiffs obviously knew whether they
24 were provided such services at the time they signed the
25 Releases. Even if plaintiffs were arguably oblivious to this
26 claim when they signed the Releases, the Releases would still
27 bar the prosecution of this claim. Indeed, the California
28 courts have ruled a general release encompasses all contract

1 claims, known or unknown. Larsen v. Johannes, 7 Cal.App.3d
2 491, 504-506, 86 Cal.Rptr. 744, 751-753 (1970).

3 In the eighth cause of action for restitution, plaintiffs
4 claim to be dissatisfied and seek a refund for the purported
5 cost of all Scientology services for 15 years. As noted in the
6 preceding paragraph, Ms. Aznaran expressed dissatisfaction with
7 her auditing as long as 10 years ago. Obviously, plaintiffs
8 must have been aware of their alleged dissatisfaction prior to
9 signing the Releases.

10 Plaintiffs' ninth cause of action concerns alleged
11 invasion of Vicki Aznaran's privacy. The only harm alleged in
12 the complaint was for the emotional pain allegedly suffered by
13 Vicki Aznaran when she acknowledges that she learned of the
14 so-called "invasions of privacy" which occurred prior to her
15 signing a Release. Complaint at paras. 72-74. Clearly,
16 therefore, the Releases bar prosecution of this claim by virtue
17 of admissions on the face of the complaint.

18 The tenth cause of action, alleging non-payment of minimum
19 wages and overtime, again relates to actions done prior to the
20 signing of the Releases. Ms. Aznaran testified that she was
21 aware of the low pay on staff a year before she ever joined
22 Church staff. See para. 19 of the Complaint. Moreover, the
23 separate Release signed by Richard Aznaran specifically
24 concerns, among other things, wages paid to Richard. (Ex. C at
25 para. D.)

26 The eleventh cause of action for constructive fraud
27 basically reiterates the fraud claim discussed above, but adds
28 that the allegedly fraudulent statements induced plaintiffs to

1 enter a fiduciary relationship with defendants. For the same
2 reasons that the fraud claim is barred by the Releases, the
3 constructive fraud claim is barred by the Releases.

4 5. A Preliminary Injunction Is Appropriate

5 To Compel Compliance With An Agreement

6 A preliminary injunction is properly granted to compel
7 compliance with an agreement. TNT Marketing, Inc. v.
8 Agresti, 796 F.2d 276, 278 (9th Cir. 1986). In Federal
9 Leasing Inc. v. Underwriters at Lloyds, 650 F.2d 495, 496
10 (4th Cir. 1981), the Fourth Circuit held that it was proper
11 for the lower court to enter a preliminary injunction
12 requiring the parties to comply with an entered settlement
13 agreement. Indeed, courts routinely enter preliminary
14 injunctions where there has been a breach or threatened breach
15 of contract. Mississippi Power & Light Co. v. United Gas
16 Pipe Line Co., 760 F.2d 618 (5th Cir. 1985); Yeargin
17 Construction Company, Inc. v. Parsons & Whittemore
18 Alabama Machinery & Service Corp., 609 F.2d 829 (5th Cir.
19 1980); Central Illinois Public Service Company v.
20 Consolidated Coal Company, 527 F.Supp. 58 (C.D. Illinois
21 1981), aff'd, 673 F.2d 1333 (7th Cir. 1981); Philipp
22 Brothers Division of Engelhard Minerals & Chemicals v. El
23 Salto, S.A., 487 F.Supp. 91 (S.D.N.Y. 1980); Collins &
24 Company, General Contractors, Inc. v. Claytor, 476
25 F.Supp. 407 (N.D. Ga. 1979).

26 ///

27 ///

28 ///

1 B. Defendants Will Suffer Irreparable
2 Harm Unless A Preliminary Injunction
3 Is Issued

4 The mutual releases between plaintiffs and defendants gave
5 three principal benefits to defendants. First, plaintiffs
6 waived any potential claims against defendants and promised not
7 to sue defendants. (Ex. A at para. 3, 4; Ex. B at paras.
8 3, 4.) Second, plaintiffs promised to maintain confidentiality
9 and to refrain from revealing ecclesiastic secrets, or
10 otherwise discussing their experiences while they were members
11 and officers of the Church. (Ex. A at 6C; Ex. B at para.
12 6C.) Third, plaintiffs agreed that they would not voluntarily
13 testify or otherwise participate in judicial proceedings
14 against the Church or assist anyone in litigation against the
15 Church unless compelled to do so by lawful process. (Ex. A
16 at paras. 6F, 8; Ex. B at para. 6F, 8.)

17 All three of these provisions have been violated, causing
18 irreparable injury to defendants. Plaintiffs' bringing of this
19 lawsuit has caused defendants to expend enormous time and
20 financial resources defending a burdensome lawsuit. Moreover,
21 given the Aznarans' declarations about their inability to
22 finance their own litigation other than by offering a
23 contingency fee, it will be impossible for defendants ever to
24 recover from plaintiffs the costs of defending. Thus, the
25 substantial burden and cost to defendants will never be
26 recovered. The only opportunity for effective relief for this
27 injury is in the present, because, as the Aznarans have
28 testified, they have no funds which could be used to satisfy a

1 damage judgment against them. This injury obviously is
2 irreparable.

3 In addition to bringing this lawsuit, plaintiffs have
4 assisted several others in suing the Church. As discussed in
5 the declaration of Kendrick L. Moxon, plaintiffs on numerous
6 occasions have filed declarations and affidavits in support of
7 other plaintiffs who are litigating against the Church. (Moxon
8 Declaration at paras. 9-11.) In each case, plaintiffs did so
9 voluntarily, without any subpoena or other lawful process.
10 Id. Plaintiffs have also helped others who have contemplated
11 suing the Church, giving them information and advice about
12 strategy. (Moxon Declaration at para. 3.) Finally, in flagrant
13 disregard of their agreement, plaintiffs spent over ten hours in
14 taped interviews with the Los Angeles Times, in a deliberate
15 attempt to harm the Church, done as part of the carrying out of
16 a threat by Joseph Yanny. See note 4, supra. The
17 injury to defendants from these repeated, deliberate violations
18 of the Releases is obvious. Defendants are forced to suffer
19 the negative effects resulting from, for example, disclosures
20 to the Los Angeles Times, with the attendant potential loss
21 of good will toward the Church and adverse impacts on the
22 Church's relationships with its members. Such injury is
23 incalculable and irreparable.

24 Moreover, the irreparable harm which defendants would
25 suffer from being forced to litigate the merits of this action
26 -- even if defendants ultimately prevail on the release issue
27 after plenary trial -- goes far beyond the high financial loss
28 and burden, however.

1 This case involves complex ecclesiastical issues, going to
2 the truth or falsity of defendants' religious beliefs and
3 practices. Much of the case is clearly non-justiciable under
4 the First Amendment. See Defendants' Memorandum and Reply
5 Memorandum in Support of Motion to Dismiss.

6 Litigation of such issues as religiosity, the truth or
7 falsity of religious doctrine, and the propriety of peaceful and
8 voluntary religious practices would constitute a highly
9 intrusive entanglement of the Court in ecclesiastical matters.
10 Such entangling is itself constitutionally suspect and
11 potentially violative of defendants' First Amendment rights.
12 Walz v. Tax Commission, 397 U.S. 664, 675, 90 S.Ct. 1409
13 (1970); Lemon v. Kurtzman, 403 U.S. 602, 620, 624-35, 91
14 S.Ct. 2125 (1971). As Chief Justice Burger wrote, "[i]t is
15 not only the conclusions that may be reached ... which may
16 impinge on rights guaranteed by the Religious Clauses, but
17 also the very process of inquiry leading to finding and
18 conclusions." NLRB v. Catholic Bishop of Chicago, 440
19 U.S. 490, 502, 99 S.Ct. 1313 (1979). See also Surinach
20 v. Pescuera de Busquets, 604 F.2d 73 (1st Cir. 1979).

21 It was, in major part, to avoid the potential for such an
22 entangling inquiry that the defendants entered into the release
23 agreements. Failure to enforce them as a threshold matter
24 will cause the defendants irreparable harm. The Court will
25 have permitted trial of the very practices and beliefs of
26 defendants. At that point, even if the defendants were to
27 prevail at trial, it will be impossible to "unring the bell" of
28 improper disclosure, Maness v. Meyers, 419 U.S. 449, 460,

1 95 S.Ct. 585 (1975) (Burger, J.), too late to prevent the
2 invasion of the privacy of the religious believes and
3 practices of all Scientologists,^{9/} too late to prevent the
4 chilling effect upon religious practice by members and upon
5 religious proselytizing in which the Church is entitled to
6 engage,^{10/} too late to prevent the chilling effect upon

7 ///

8 ///

9 ///

10 ///

11 ///

12 ///

13 ///

14 ///

15 ///

16 ///

17 ///

18 ///

19 ///

20 ///

21 ///

22 ///

23
24 9. Cf. Buckley v. Valeo, 424 U.S. 1, 64, 96 S.Ct. 612
25 (1976) ("disclosure, in itself, can seriously infringe on
privacy of association and belief guaranteed by the First
Amendment").

26 10. See Watkins v. United States, 354 U.S. 178, 197, 77
27 S.Ct. 1173 (1957) (when "revelations concern matters that are
28 unorthodox, unpopular, or even hateful to the general public,
the reaction in the life of the witness may be disastrous").

1 religious practice by members and upon religious proselytizing
2 in which the Church is entitled to engage,^{11/} and too late
3 to prevent the improper and inexcusable breach in the "wall of
4 separation" between church and state^{12/} which this Court
5 is required to protect.

6 C. The Balance Of Equities Tips Decidedly
7 In Favor Of Granting A Preliminary
8 Injunction

9 Compared to the significant irreparable harm that
10 defendants will suffer in the absence of a preliminary
11 injunction, the only harm plaintiffs will even arguably suffer
12 by the issuance of such an order would be temporary delay in the
13 prosecution of their lawsuit until the Court finally determines
14 whether the release agreements bar plaintiffs from prosecuting
15 their claims and from violating the confidentiality provisions.
16 If the Court ultimately holds that the releases do bar the
17 claims, plaintiffs will have suffered no harm at all. In the
18 unlikely event that the Court finds that the agreements do not
19 apply to plaintiffs' claims or that they are not effective,
20 plaintiffs will soon be free to prosecute their claims. It is
21 hard to conceive of such minor delay as causing a substantial
22 harm to plaintiffs at all. It certainly pales in comparison to
23 the irreparable harm which has occurred and will occur to

24 ^{11.} See Cantwell v. Connecticut, 310 U.S. 296, 60
25 S.Ct. 900 (1940).

26 ^{12.} Everson v. Board of Education, 330 U.S. 1, 16 (1947).
27 Such an "entanglement" between the affairs of church and state
28 is "an independent evil against which the Religious Clauses
were intended to protect." Lemon v. Kurtzman, 403 U.S. 602,
624-25, 67 S.Ct. 504 (1971).

1 defendants in the absence of a preliminary injunction. The
2 balance of hardships therefore tips decidedly in favor of
3 granting the injunction.

4 CONCLUSION

5 Wherefore, for the reasons given above, defendants
6 respectfully request that this Court:

7 (1) Enter an order preliminarily enjoining plaintiffs
8 during the pendency of this case from disseminating any
9 confidences of defendants or information concerning their
10 experiences with defendants outside of the papers or proceedings
11 of this lawsuit;

12 (2) Enter an order preliminarily enjoining plaintiffs from
13 voluntarily assisting or cooperating in any proceeding with any
14 person adverse to defendants herein, unless compelled to do so
15 by lawful subpoena or other lawful process;

16 (3) Enter an order preliminarily enjoining plaintiffs from
17 voluntarily testifying or otherwise participating in any
18 judicial, administrative or legislative proceeding adverse to
19 defendants, unless compelled to do so by lawful subpoena or
20 other lawful process;

21 (4) Enter an order preliminarily enjoining plaintiffs from
22 prosecuting this action, until the Court finally determines the
23 question of whether plaintiffs' claims are barred by the release
24 agreements;

25 (5) Order a separate evidentiary hearing on any questions
26 of fact concerning the validity and effect of the releases
27 signed by plaintiffs, such hearing to be held in advance of any
28 trial or motions relating to other aspects of this lawsuit, to

1 enable the Court to make informed findings of fact prior to
2 adjudication of the release issues; and

3 (6) That this Court take such other action as justice
4 requires.

5 Dated: November 9, 1989

Respectfully submitted,

BOWLES & MOXON

8 By:

KENDRICK L. MOXON

Attorney for Defendants

11 COOLEY, MANION, MOORE
& JONES, P.C.

12 EARLE C. COOLEY
Attorneys for Defendants
13 Church of Spiritual
14 Technology and Religious
Technology Center

15 RABINOWITZ, BOUDIN,
16 STANDARD, KRINSKY
& LIEBERMAN, P.C.
17 ERIC M. LIEBERMAN
Attorneys for Defendant
18 Church of Scientology
19 International

20 MICHAEL HERTZBERG
Attorney for Defendant
21 Author Services, Inc.



1 DECLARATION OF MARK C. RATHBUN

2 I, MARK C. RATHBUN, hereby declare and state:

3 1. I am over 18 years of age and a resident of the State .
4 of California. I am the President of Religious Technology
5 Center ("RTC"). I have personal knowledge of the facts set
6 forth herein and, if called upon to do so, can and will
7 competently testify thereto.

8 2. I am personally acquainted with Vicki Aznaran and
9 Richard Aznaran. In March of 1987, Vicki Aznaran ceased to be
10 a staff member of the Religious Technology Center. I was
11 responsible for seeing to it that Richard and Vicki Aznaran's
12 transition to non-Church life was a smooth one, as more
13 particularly detailed in my declaration of December 12, 1988,
14 previously submitted in this case, and annexed hereto as
15 exhibit 1.

16 3. Mutual Releases and Settlement Agreements were
17 prepared for Richard and Vicki Aznaran to sign prior to their
18 voluntary departure from the Church in California. On April 9,
19 1987, Richard and Vicki Aznaran carefully read the Mutual
20 Releases and Settlement Agreements prior to signing them.
21 Several times Richard and Vicki Aznaran expressed concern that
22 they be represented by counsel, should they ever be named as
23 defendants either individually or along with any other Church
24 of Scientology in any legal proceedings. They both expressed
25 concern that the Church see to Vicki's representation in the
26 ongoing case of Stansfield, et al. v. Starkey, et al.,
27 pending in the Los Angeles Superior Court. Because of these
28 concerns, I suggested to Church lawyers that they include a

1 guarantee that we would cover the Aznarans' representation in
2 the Mutual Release and Settlement Agreements. The fact that
3 this guarantee was covered in a written instrument to be signed
4 by all parties was of great relief to both Aznarans.

5 4. Pursuant to the Aznarans' request, I also arranged for
6 the Aznarans to be given a loan of \$20,000 in order to assist
7 them in their transition to non-Church life. The terms of this
8 loan were drawn up in a fashion intended to be most favorable
9 to the Aznarans, and to facilitate the Aznarans easily making
10 their interest payments and eventually paying the principal.
11 I also arranged for the sale of the Aznarans' horse, which
12 helped facilitate the Aznarans' departure from California
13 and provided them with additional financial resources. Richard
14 informed me that he had attempted to sell the horse and had
15 received no offers. He said he would wind up getting a "dog
16 meat" price for the horse, which Richard described as a price
17 far below what he had originally paid for the horse. I then
18 arranged for the purchase of Richard's horse at three hundred
19 dollars (\$300) more than what he had paid for it originally.

20 5. Prior to their departure, the Aznarans requested that
21 I remain in communication with them. I agreed and asked them
22 to call me whenever they required assistance of any kind. On
23 April 10, 1987, the Aznarans left Hemet, California.

24 6. Within days of their departure, Richard called me and
25 asked that I obtain affidavits from Church lawyers and
26 investigators attesting to Richard's experience as a private
27 investigator. I told Richard that I would speak to the lawyers
28 and investigators he specified and would send the affidavits to

1 him. Richard Aznaran wrote me on April 20, 1987 giving me
2 specific instructions on how to fill out the affidavits and
3 enclosed copies of the blank affidavit forms. I replied to
4 Richard on May 2, 1987 and attached several signed work
5 affidavits for him.

6 7. The Aznarans utilized both the loan and the
7 experience affidavits to establish their new living
8 arrangements when they moved to Dallas, Texas, including the
9 establishment of their investigative enterprise. This is
10 borne out by Vicki Aznaran's own testimony. (See Exhibit G
11 to the Declaration of Kendrick L. Moxon, Deposition of Vicki
12 Aznaran, pp. 1115-1116, 1122-1123, 1185, 1226-1227).

13 8. Vicki asked that I keep her informed of the
14 Stansfield v. Starkey litigation, which she was interested
15 in as she was a named defendant in that litigation. Vicki knew
16 that, as part of her mutual release agreement with the Church,
17 the Church would provide legal representation for Vicki without
18 any expense to her, in the event that she was ever served or
19 otherwise brought into that suit. Pursuant to Vicki's request,
20 I kept Vicki abreast of actions being taken in the defense of
21 that litigation. In turn, Vicki agreed to inform me if she was
22 served with any papers in that suit or any action so that the
23 Church could arrange for or assist in the Aznarans' defense or
24 representation as appropriate.

25 9. During the entire summer of 1987, Richard Aznaran was
26 in periodic communication with me by phone. Richard Aznaran
27 told me that Vicki Aznaran was working at her sister's law
28 office as a paralegal. Richard Aznaran stated proudly that

1 Vicki Aznaran was well qualified for this work having become
2 so familiar with legal procedure during her work with
3 Religious Technology Center. Richard Aznaran stated that
4 Vicki Aznaran was going to sign up for some courses at a Texas
5 college in order to get credits to become a recognized
6 paralegal. Richard Aznaran boasted that he himself was doing
7 some important investigative work for some of the biggest law
8 firms in Dallas.

9 10. It has been long-standing policy within the Church
10 that a person who joins Church staff and then voluntarily
11 leaves staff before the completion of his contract is
12 considered a "freeloader," within the meaning of the special
13 definition which this term has taken in the Church. It is
14 traditionally required that a former staff member have a bill
15 sent to him for those religious services which he received from
16 the Church absent the required donation while on staff. This
17 bill, called a "freeloader bill," is subject to discounts based
18 on the amount of service which the staff member provided (in
19 terms of longevity on staff) prior to terminating his contract.
20 A former staff member must pay his freeloader bill before
21 receiving Scientology religious services again, or delivering
22 such services for compensation. The Aznarans knew that they
23 were considered freeloaders when they left in April, 1987.

24 11. In the Summer of 1987, during phone conversations
25 with Richard Aznaran, he mentioned to me on two or three
26 occasions that he wished to receive his freeloader bill. On
27 August 18, 1987, Richard Aznaran forwarded a petition to
28 RTC, requesting that his freeloader debt be waived so that he

1 and Vicki could again receive Church services. A copy of that
2 petition is annexed hereto as exhibit 2. On August 30, 1987,
3 Mr. David Miscavige replied to Richard's petition, tentatively
4 denying the petition while making available to him the correct
5 avenue to take in order to reduce or cancel the debt. The
6 letter also states that I would be forwarding a freeloader bill
7 to them shortly. A copy of Mr. Miscavige's letter is annexed
8 hereto as exhibit 3. On September 10, 1987, I then sent the
9 Aznarans their respective freeloader bills. The bills show a
10 70% reduction for both Vicki and Richard pursuant to Church
11 policy. My letter and a copy of the bills which accompanied it
12 are annexed hereto as exhibit 4.

13 12. The Aznarans were always friendly and cordial with me
14 on the phone between the months of April 1987 through October
15 1987. In early November, 1987, I received a report from a
16 staff member of the Dallas Church of Scientology that Richard
17 Aznaran had obtained the counselling folders of a Dallas
18 Church parishioner named Gary Franks. The Dallas Church staff
19 member was complaining that Richard had in effect ripped off the
20 parishioner by providing him with Scientology auditing in
21 exchange for donations that would otherwise have gone to the
22 Dallas Church. I phoned Richard to find out why he was
23 violating the aforementioned freeloader policy. Richard stated
24 that he had in fact salvaged Gary Franks and gotten him to pay
25 off his own freeloader debt to the Dallas Church and provided
26 him with auditing because no one at the Dallas Church had been
27 in contact with Franks for years. I then investigated more
28 closely and obtained Mr. Franks' accounts file from the Dallas

1 Church. The file showed that Franks had been in regular
2 communication with the Dallas Church and had been making regular
3 payments toward the satisfaction of his freeloader debt for a
4 couple of years. I then phoned Richard and confronted him with
5 the information I had found contrary to the story he had given
6 me. Richard continued to press his false story to me. I asked
7 Richard to return the file to the Dallas Church. Richard said
8 he had to consult with Vicki and get back to me. I spoke to
9 Richard several hours later. He was quite noticeably
10 inebriated. Richard asked me why I was sticking up for a
11 "piss-ant" staff member from the Dallas Church; that I should
12 twist policy against such a "meaningless" individual. This was
13 the exact same attitude shown by the actions of Vicki Aznaran
14 that lead to her removal as Inspector General of RTC. I spoke
15 to Richard for several minutes and explained to him that Church
16 policy is clear that the scriptures apply to the highest levels
17 of the ecclesiastical hierarchy as they do to the lowest.
18 Richard finally agreed to turn the file back over to the Dallas
19 Church. At that moment, Vicki Aznaran yelled in the background
20 "f--- you, Marty, we'll never do another favor for you again."
21 Richard ultimately hung up the phone. Subsequently I learned
22 through the depositions of Richard Aznaran and Vicki Aznaran
23 that the Aznarans continued to service Gary Franks using
24 Scientology in exchange for money well into 1988. I mention
25 this as the only expressed upset the Aznarans had with me or the
26 Church in 1987 was concerning their inability per Church policy
27 to deliver Scientology services.

28 13. Under the terms of the Loan Agreement, the Aznarans

1 were to pay 5% interest per annum until the principal was paid.
2 Notwithstanding the terms of the loan, the Aznarans did not
3 send any interest payment during 1987. Accordingly, in
4 the first or second week of January 1988, I phoned Rick
5 Aznaran to find out what he was intending to do regarding the
6 overdue interest payment for the year 1987. Richard stated
7 that he intended to pay, however he had to get some matters
8 straightened around with his accountant first. Several days
9 later I attempted to call Richard without success. A letter
10 was then sent to the Aznarans in or around January, 1988,
11 requesting the overdue interest payment. A copy of that
12 letter is annexed hereto as exhibit 5. No response was
13 received. A second notice was sent to the Aznarans on March
14 15, 1988, a copy of which is annexed hereto as exhibit 6. No
15 response was received. A third notice was sent to the
16 Aznarans on December 29, 1988, a copy of which is annexed
17 hereto as exhibit 7. No response was received. As mentioned
18 in the December 29, 1988 letter, no payment for either 1987 or
19 1988 had been received at that time. To date, no interest
20 payment for 1987, 1988 or 1989 has been received.

21 14. In February of 1988, I spoke to Richard on the
22 phone several times in order to discuss Joe Yanny's allegation
23 that Vicki Aznaran had done or was going to do a statement for
24 Joe supporting his allegation that a 150,000 dollar retainer he
25 had received several years ago was non-refundable. I asked
26 Richard to meet with me to discuss this as I did not want to see
27 Vicki cajoled into committing perjury at the behest of Joe
28 Yanny. Richard claimed there was nothing to speak about and

1 would not meet. I asked Richard if there was any problem with
2 our continuing relationship. Richard replied that there was
3 not.

4 15. On or about March 3, 1988, RTC staff member Ray
5 Mithoff and I travelled to Dallas, Texas in order to meet with
6 the Aznarans to attempt to sort out any differences created by
7 Joe Yanny. At that time, Richard Aznaran met with Mr.
8 Mithoff. Annexed hereto as Exhibit 8 is the Declaration of
9 Raymond Mithoff, dated January 3, 1989, which details what
10 transpired in this meeting. At no time did Richard ever
11 express a desire or intention to rescind the April 9, 1987
12 agreements. The sum and substance of Mr. Mithoff's account
13 are corroborated by the testimony of Richard Aznaran.

14 16. Until Vicki Aznaran's deposition, commencing in
15 June, 1988, neither I nor any other Church of Scientology or
16 Religious Technology Center staff member had any further contact
17 of any kind with the Aznarans. The Aznarans, however, did have
18 extensive contacts with Joe Yanny during the month of March,
19 1988. Said contacts, which included the planning of the instant
20 lawsuit, are very well documented in the defendants' motion to
21 disqualify Cummins and White from this lawsuit. As this court
22 is no doubt well aware, the Aznaran lawsuit did not seek to
23 rescind the April 9, 1987 agreements. Indeed, the lawsuit does
24 not make any reference to the agreements.

25 17. In June 1988, after learning of Joe Yanny having
26 conspired with the Aznarans and Bent Corydon, another adverse
27 litigant, Earle Cooley and myself called Yanny and his partner
28 Al Herzig in an attempt to amicably settle our differences

1 short of litigation. During that phone call Joe Yanny
2 threatened to go to Federal authorities and to the Los
3 Angeles Times with information he learned while representing
4 the Church if the Church did not agree not to sue him and
5 agree to pay large sums of money to Yanny. Mr. Cooley told
6 Mr. Yanny that we had nothing to hide and that short of Yanny
7 discontinuing his breaches of confidence with the Aznarans and
8 others, and short of his coming clean as to the full extent of
9 said breaches the Church would be forced to sue. I
10 subsequently learned through the deposition of Vicki Aznaran
11 that the Aznarans entertained two reporters from the Los
12 Angeles Times at their home in Dallas for a full day within a
13 week of Yanny's threat. Joe Yanny was in telephonic
14 communication with the Los Angeles Times reporters while they
15 were at the Aznaran's home. Furthermore, the Aznarans and
16 Yanny went to the FBI on several occasions and told a series of
17 lies about the Church of Scientology to an FBI agent based in
18 Los Angeles in an attempt to start an investigation into the
19 Church and obtain assistance in their cause. The allegations
20 upon which Yanny and Aznaran obtained the aid of the FBI agent
21 were soundly rejected as to veracity and actionability by three
22 District Court jurists leaving the FBI agent holding the bag
23 having to explain to his superiors why he, in effect, assisted
24 civil litigants in their vendetta.

25 18. In summary, the only disagreement ever expressed by
26 the Aznarans to me in the year 1987 concerned their inability
27 to deliver Scientology services for pay. Subsequent to 1987
28 the only disagreement ever expressed by the Aznarans to me

1 concerned their desire to assist Joe Yanny in his conflict with
2 the Church. They have never expressed an intention in writing
3 or verbally to rescind the settlement agreements entered into
4 on April 9, 1987. Further, it is clear from the aforementioned
5 facts, all corroborated by the Aznarans' own testimony, that the
6 idea to sue the Church only came about through contacts with Joe
7 Yanny who had his own conflict going with the Church. The
8 Aznarans' claims of duress and brainwashing are a sham. The
9 only duress present between the Aznarans and the Church were the
10 extortionate threats made by the Aznarans.

11 I declare under the penalties of perjury under the laws of
12 the United States of America that the foregoing is true and
13 correct.

14 Executed this 4th day of November, 1989, at Los Angeles,
15 California.

16 
17 MARK C. RATHBUN
18
19
20
21
22
23
24
25
26
27
28

000241

DECLARATION OF MARK C. RATHBUN

I, MARK C. RATHBUN, hereby declare and state:

1. I am over 18 years of age and a resident of the State of California. I am the President of Religious Technology Center ("RTC"). I have personal knowledge of the facts set forth herein and, if called upon to do so, can and will competently testify thereto.

2. I am personally acquainted with Vicki Aznaran and Richard Aznaran. In March of 1987, Vicki Aznaran ceased to be a staff member of the Religious Technology Center. I was responsible for seeing to it that Richard and Vicki Aznaran's transition to non-Church life was a smooth one.

3. While Richard and Vicki Aznaran were wrapping up their affairs they stayed in a hotel in Hemet, California. I met with Richard and Vicki Aznaran for several hours, both individually and together, while they were in the hotel in Hemet. At all times between March 31, 1987 and April 10, 1987, when they ultimately left, they were completely free to leave. On or about April 2, 1987, I went to the hotel to see Vicki and Richard Aznaran. They were not there, but had left a friendly note for me which stated that they had left for Los Angeles - over 85 miles away - in Richard Aznaran's truck so that Vicki Aznaran could visit a doctor. A copy of said note is attached as Exhibit 1.

4. Several times during the final week of the Aznarans' stay in Hemet, Richard Aznaran commented to me that he was fully trained in the Church to be a private investigator. He asked me to obtain for him affidavits from Church lawyers and private

investigators with whom he had worked for use in his obtaining a private investigator's license in Texas. He said that his experience working on legal cases for the Church fully qualified him to obtain a private investigator's license and that the attorneys he worked for should certainly agree. Richard Aznaran mentioned to me that Vicki Aznaran intended to get a job as a paralegal with her sister, whom Vicki Aznaran stated is an attorney, since Vicki Aznaran had learned so much about legal procedure while in the Church.

5. Mutual Releases and Settlement Agreements were prepared for Richard and Vicki Aznaran to sign as part of wrapping up their affairs with the Church. On April 9, 1987, Richard and Vicki Aznaran carefully read the Mutual Releases and Settlement Agreements prior to signing them. Several times Richard and Vicki Aznaran expressed concern that they be represented by counsel, should they ever be named as defendants either individually or along with any other Church of Scientology in any legal proceedings. They both expressed concern that the Church see to Vicki's representation in the ongoing case of Stansfield, et al., vs. Starkey, et al., (also known as the F.A.I.R. case) then pending in the Los Angeles Superior Court. Because of these concerns, I suggested to Church lawyers that they include a guarantee that we would cover the Aznarans' representation in the Mutual Release and Settlement Agreements. The fact that this guarantee was covered in a written instrument to be signed by all parties was of great relief to both Aznarans. They both expressed the feeling that it was completely unnecessary for the Mutual Release and Settlement

1 Agreements to prohibit their cooperation with anyone with an
2 adverse interest to any Church of Scientology, as they protested
3 that that would never ever occur. Vicki Aznaran stated that she
4 had worked on legal cases so long she knew that anyone attacking
5 the Scientology religion was a fraud and a criminal. That was
6 the only objection the Aznarans voiced with regard to the Mutual
7 Releases and Settlement Agreements they signed. When they
8 reviewed the agreements, I arranged for Church lawyers John G.
9 Peterson and Lawrence E. Heller to be present to answer any
10 questions the Aznarans might have about the terms. I
11 specifically asked Vicki and Richard Aznaran whether they had
12 any such questions. They both laughed and stated that they did
13 not, and that they had worked on legal matters long enough to
14 know what releases and settlement agreements were all about. I
15 also informed the Aznarans that they were free to consult with
16 another lawyer, such as Vicki Aznaran's sister, if they had any
17 doubts about the terms of the Mutual Releases and Settlement
18 Agreements.

19 6. I then arranged for the sale of the Aznarans' horse
20 (which the Church purchased for \$300 more than the Aznarans had
21 paid for the horse themselves), the rental of a truck for them
22 to use to transport their belongings, assistance in loading the
23 truck, the reimbursement to Richard Aznaran for receipts for
24 expenses for food and transport he had incurred over the past
25 week, and other last minute odds and ends. I also gave the
26 Aznarans I a check for \$20,000 pursuant to a loan the Church
27 extended to the Aznarans in order to ease their transition into
28 non-Church life. Richard and Vicki Aznaran expressed their

1 gratitude for this loan and the other arrangements I had made
2 for them. I arranged for the Aznarans to remain in
3 communication with me and asked them to call me whenever they
4 required assistance of any kind. On April 10, 1987, the
5 Aznarans left Hemet, California.

6 7. Within days of their departure, Richard called me and
7 asked that I obtain affidavits from Church lawyers and
8 investigators attesting to Richard's experience as a private
9 investigator. I told Richard that I would speak to the lawyers
10 and investigators he specified and would send the affidavits to
11 him. Richard Aznaran wrote me, giving me specific instructions
12 on how to fill out the affidavits and enclosed copies of the
13 blank affidavit forms. Attached as Exhibit 2 is a copy of Mr.
14 Aznaran's letter of April 20, 1987. I replied to Richard on May
15 2, 1987 and attached several signed work affidavits for him.
16 (Exhibit 3).

17 8. During the entire summer of 1987, Richard Aznaran was
18 in periodic communication with me by phone. Richard Aznaran
19 told me that Vicki Aznaran was working at her sister's law
20 office as a paralegal. Richard Aznaran stated proudly that
21 Vicki Aznaran was well qualified for this work having become so
22 familiar with legal procedure during her work with Religious
23 Technology Center. Richard Aznaran stated that Vicki Aznaran
24 was going to sign up for some courses at a Texas college in
25 order to get credits to become a recognized paralegal. Richard
26 Aznaran boasted that he himself was doing some important
27 ///

28 ///

000246

1 investigative work for some of the biggest law firms in Dallas.

2 I declare under the penalties of perjury under the laws of
3 the United States of America that the foregoing is true and
4 correct.

5 Executed this 12 day of December, 1988, at Los Angeles,
6 California.

7 
8 MARK C. RATHBUN

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28 000247

EXHIBIT 1

000248

Dear Monty,

I am sorry I missed you
last nite but I look forward to
seeing you today.

We have gone to LA to the doctor.
He has an appt today!

Vicki is doing better so that's good.

There are a couple of things that I/we
can't help with.

(1) There are three things that didn't come
with my trunk.

X (A) A black T-shirt, silk type, with NFR
edges embled on it. Hanging in my sleeping
bag at the Farm. Also badge "FITHL SHORES".

(B) Abt \$30.00 cash that was in my room.

(C) An envelope (ly manilla one) in front of
me ^{on porch} with personal com & all my tax
exp in it!! I need this badly & guess so
can handle taxes. This is at the Farm.

X RTZ treasury has a \$250 American Airlines
and voucher that is mine personally. I paid
for it & was going to sell it to RTZ but they
bought this one.

000249

048

200

③ ~~A~~ S, in my old office. Also could
there be a bag with black & green camouflage
tripods in it & a brownish red leather briefcase
& an olive briefcase. Also a radio scanner.
Jackson (the guard) knows where it is. (Saybolt may
know where the stuff is as he was going to look it for me)
~~A~~ has more clothes at #11. She had dirty
laundry in a pillow case with her name on it
she needs this.

~~A~~ I've left some dog food with Tissue. Please
give to Monica for the dog.

TKS for yr help. Will see you later today.

MZ

Rich

ptep
had

Marty Rathbun
4751 Fountain Ave.
Los Angeles, CA 90029

20 Apr 87

cc: DM

RE: PI LICENSING

Dear Marty;

Hi. Well, I've heard back from the state on their licensing requirements for PI's and fortunately it's about the same as California.

I am going to need some help in compiling evidence to show that I am qualified for a license.

I am applying for an Investigative license as well as a Guard license. In order to qualify for an investigator license I have to be able to prove three (3) years experience. In order to qualify for the guard company license I have to be able to show proof of two years (2) experience. This shouldn't be any problem as that is all I have done for the last six years.

I want to ensure that I liaise with you guys so that everything jives.

I have attached a copy of the APPLICATION TO QUALIFY MANAGER OR SUPERVISOR Form so that you see what I am being asked. I am also enclosing copies of the EXPERIENCE AFFIDAVIT.

You can see on the Mgr/Sup application that I am also asked to show who my employers were for the last five years. This has to be coordinated with my experience affidavits.

Gene Ingram gave me a card identifying me as an investigator with Ingram investigations back in '81 or '82. Actually, it was '82. So a lot of it can show up up with him. I also worked for Mike Levanas as an investigator for a while so he can show some. Of course I worked for Wagner. We already have me working some for JP. That job I did in Boston was for Earle Cooley. That payroll robbery that I investigated and solved and got the two guys arrested for was done for Bridge Publications. I set up security for the church in Riverside, LA, Florida and Copenhagen which can show as being done for a multi national corporation

000252

050

under the auspices of JP. Anyway, it doesn't seem that hard to put it all together actually. I'll leave the specifics to you as I am sure you will want to go over it with JP.

Also, JP's letter of recommendation was great but I am going to need more letters and the above mentioned terminals should be able to supply them as it is quite factual. The letter from Bridge Publications will not be recognizable as being from the CofS unless someone researches it. The same goes for the GOLDEN ERA PRODUCTIONS which could be a separate letter for establishing it's security. Since the security that I established at Creston was per attorney's advice (ie. Sherman Lenske) this should be a separate letter.

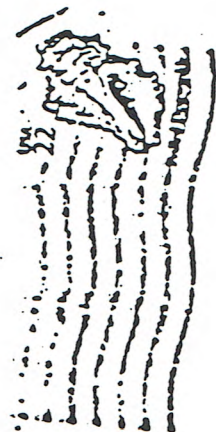
If you do not feel good about approaching any of these terminals I can do it, but I felt I should coordinate it with you.

I am starting to get some local work which is nice but it will be a much better scene once I get my license. I suppose that this seems like a lot of documentation in order to just get a license but you haven't even seen it all. I also have to get recommendations from the local Police and the Sheriffs. Gawd, what a pain.

I hope everything is going well there. I really appreciate your help.

ML,

A handwritten signature in cursive script, appearing to be 'ML' or a stylized name, written in dark ink.



Marty Rathbun
4751 Fountain Ave.
Los Angeles, CA 90029



2 May, 1987

Rick Aznaran
5111 Kiamesha Way
Mesquite, Texas 75150

Re: PI licensing and MEST

Dear Rick,

This letter responds to the letters you sent to me on 18 April and 20 April.

I have enclosed signed experience affidavits from John Peterson and Gene Ingram. Peterson also got Mike Levanas' agreement to sign one and he will send that to you separately early next week.

As discussed you probably ought to attach copies of the experience affidavits to your application for managerial status.

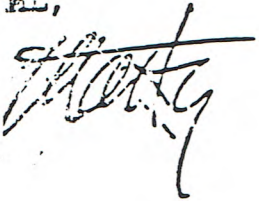
I have had people searching high and low for your Dektor tool kit and for your flashcube holder with no luck. Did you have any other separate storage space or nook where you stored mest that I can have checked?

I'll check with Phil Jepson on this as you suggested.

I'll also get your F/L debt calculated and sent to you.

Say hi to Vicki. Good luck on getting a good job.

ML,



000256

053

PETERSON & BRYNAN

ATTORNEYS AT LAW

8530 WILSHIRE BOULEVARD, SUITE 407
BEVERLY HILLS, CALIFORNIA 90211

(213) 859-9965

JOHN G. PETERSON
W. JEFFREY BRYNAN

May 1, 1987

Richard Aznaran
5521 Greenville
Suite 104-754
Dallas, Texas 75206

Dear Richard:

Enclosed are the experience affidavits you requested.

Michael Levanas will be sending you an experience affidavit under separate cover.

If you need any further assistance, please don't hesitate to contact me.

Sincerely,

PETERSON & BRYNAN


John G. Peterson

JGP:Jr

Enc.

000257

054
206

TEXAS BOARD OF PRIVATE INVESTIGATORS AND PRIVATE SECURITY AGENCIES

P.O. Box 13509
Capitol Station
Austin, Texas 78711

EXPERIENCE AFFIDAVIT

- INSTRUCTIONS: 1. Applicant shall not complete this form. It shall be completed by clients or employers who can verify experience of the applicant.
2. Statement shall list type of services performed by the applicant, dates of performance and name, address and telephone number of the person making affidavit.

This is to certify and state that Richard Aznaran performed the services of:
NAME OF APPLICANT

Investigator for the Law Firm of Peterson & Brynan in Beverly Hills, California. I have been a licensed private investigator in California since October 1982. I have conducted investigations for Peterson & Brynan continuously from 1983 to the present and in so doing have had the occasion to conduct investigations with the assistance of Richard Aznaran. I know from personal experience that Aznaran has conducted background, accident, civil and criminal investigations, full time, continuously for over 3 years for Peterson & Brynan.

Name of Person making affidavit: Eugene Ingram

Name of Company (if any) Ingram Investigations Telephone (213) 666-5775

Address: 4343 Sunset Blvd., Los Angeles, CA 90029
Street & Number City State Zip

Dates the above listed services were performed:

From 1-1-84 to 1-30-87
Mo./Day/Year Mo./Day/Year

Eugene M. Ingram
Signature of Person making affidavit

Subscribed and sworn to before me, a Notary Public, in and for Los Angeles California
County State

this 1st day of May, 1987.



Richard Shelley
Signature of Notary Public
Los Angeles California
County State

My Commission Expires JUN 30, 1989

000258

055

TEXAS BOARD OF PRIVATE INVESTIGATORS AND PRIVATE SECURITY AGENCIES

P.O. Box 13509
Capitol Station
Austin, Texas 78711

EXPERIENCE AFFIDAVIT

- INSTRUCTIONS: 1. Applicant shall not complete this form. It shall be completed by clients or employers who can verify experience of the applicant.
2. Statement shall list type of services performed by the applicant, dates of performance and name, address and telephone number of the person making affidavit.

This is to certify and state that Richard Aznaran performed the services of:
NAME OF APPLICANT

Chief of Security of Building. Applicant also set up and oversaw the security systems and personnel for several of my corporate clients including an international publishing company, a recording studio and private office.

Name of Person making affidavit: John G. Peterson

Name of Company (if any) Peterson & Brynan Telephone 213-661-4030

Address: 8530 Wilshire Blvd., Suite 407, Beverly Hills, CA 90211
Street & Number City State Zip

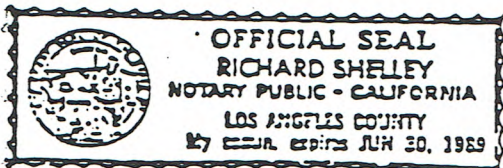
Dates the above listed services were performed:

From 10/81 to 12/30/83
Mo./Day/Year Mo./Day/Year

John G. Peterson
Signature of Person making affidavit

Subscribed and sworn to before me, a Notary Public, in and for Los Angeles, California
County State

this 13th day of May, 19 87.



Richard Shelley
Signature of Notary Public
Los Angeles, California
County State

My Commission Expires June 30, 1989

000259

056

209

P.O. Box 13509
Capitol Station
Austin, Texas 78711

EXPERIENCE AFFIDAVIT

- INSTRUCTIONS: 1. Applicant shall not complete this form. It shall be completed by clients or employers who can verify experience of the applicant.
2. Statement shall list type of services performed by the applicant, dates of performance and name, address and telephone number of the person making affidavit.

This is to certify and state that Richard Aznaran performed the services of:
NAME OF APPLICANT

Applicant worked full time in my attorney office in general, private investigative matters for my clients and for litigation I was in representing clients. This investigation involved every aspect of the investigative field from background and record checks, to accident investigation, witness interviews and criminal investigation.

Name of Person making affidavit: John G. Peterson

Name of Company (if any) Peterson & Brynan Telephone 213-661-4030

Address: 8530 Wilshire Blvd., Suite 407, Beverly Hills, CA 90211
Street & Number City State Zip

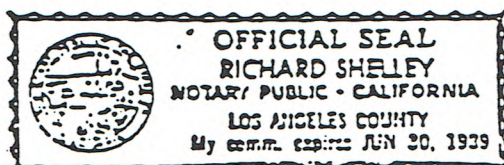
Dates the above listed services were performed:

From 1/1/84 to 1/30/87
Mo./Day/Year Mo./Day/Year

John G. Peterson
Signature of Person making affidavit

Subscribed and sworn to before me, a Notary Public, in and for Los Angeles, California
County State

this 1ST day of MAY, 19 87



Richard Shelley
Signature of Notary Public
Los Angeles California
County State

My Commission Expires JUN 30, 1989

000260

received
AUG 24 1987

Special Project Ops

August 18, 1987

Rick Aznaran

RE: PETITION

Dear Sir;

SITUATION: My wife and myself have been back in the field for four months and have not been able to get anything done on our ethics or free loaders status.

DATA: Both my wife and myself were in the S.O. for ten years. and were on staff for a total of for a total of fourteen years each. During this time we both contributed to the best of our abilities to the Church and it's expansion and especially to LRH.

Per HCO PL 11 June 81R, VIOLATION OF STAFF COVENANT, "it is necessary to make an allowance for the contribution a person who failed to complete his covenant did make while on staff."

I have spoken to Marty on at least two occasions trying to find out what mine and Vicki's free loader debt was but have not yet found out anything. I also expressed a desire to handle our ethics cycles which is something we can obviously not do on local lines or probably any but Int lines.

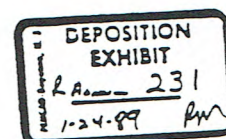
What I am requesting is:

1) Our FL debts be cancelled due to the contributions we made while on staff being above and beyond what would be considered normal.

2) That we be allowed to continue to do our ethics conditions and turn them in to whomever you designate for upgrade.

000262

058



As added data, since being in the field Vicki and I have salvaged two people one of whom was a free loader. Vicki did the ethics handling and I did the regging and we got him to pay off his free loader debt (which he has owed for about eight years). I have FES'd his folders and I am auditing him on a repair and will then be sec-checking him and getting him through his Purif and back on lines. He is the person who originally got me in the Church and I felt I owed him my help.

Vicki and I also feel that this has been an effective blow against the enemy.

Neither one of us is in Doubt and we are anxious to get to the point where we can continue to get services.

SOLUTION: Approve that our debts be cancelled and that Marty continue to work with us on our ethics. I am not requesting that the debts be cancelled publicly. Simply that we be allowed to work up our conditions and when in Normal, that it be stated so. That way we can get services.

Thank you for your consideration.

This is okay.

Much Love,

Rick Aznaran



000263

059

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 11 JUNE 1981R
REVISED 18 MARCH 1982

Remimeo
HCO Hats
Reg Hats
Dept 7 Hats
Missions
All persons
who have
left staff
before com-
pleting staff
covenant

CANCELS

HCO PL 13 Oct 72R II
Rev. & Reiss. 9.5.79
FREELoader PROGRAM ADMINISTRATION,
WHO IS A FREELoader?
(Revisions in Script)

VIOLATION OF STAFF COVENANT

A new handling of persons who left staff before completing their covenants has been very successfully piloted and is now ready for broad release and implementation.

BACKGROUND

The original policy on the subject of freeloaders, HCO PL 13 October 1972, FREELoadERS, was written to handle a problem that existed in the late sixties and early seventies. This problem was individuals joining staff solely for the purpose of getting free services and then leaving without giving a proper exchange to the org that trained and audited them. Such persons were labelled "Freeloaders" and were made ineligible for further training or processing until they paid in full for any services received while on staff.

The original freeloader handling was successful in that it has been found by investigation that since that time very few people joined staff with the sole purpose of getting free training and processing and then left.

A later policy, HCO PL 13 October 1972R, FREELoader PROGRAM ADMINISTRATION, WHO IS A FREELoader?, written by a former CS-3, extended the "Freeloader" handling to anybody and everybody who ever left staff without completing a covenant. This policy made no distinction between those who actually contributed while on staff and those who were on staff solely for first dynamic reasons and who contributed nothing.

It is necessary to make an allowance for the contribution a person who failed to complete his covenant did make while on staff. This is because a contributing staff member is entitled to services as part of the exchange due him. Such allowance is not at all intended to diminish the overt of leaving staff without completing a covenant. Rather, its purpose is to more accurately measure the exchange between the person and the org.

ADJUSTMENTS

To the degree that such a person contributed while on staff, he owes something less than the full amount of the services received while a staff member.

Any system which measured all the nuances of exchange and which covered all possible circumstances would be very complex and difficult to administer. However a system has been devised and piloted which has proven highly WORKABLE and which was very well received by those persons involved in the pilot.

There are three separate procedures taken to determine a person's bill. The results of each are compared, and the highest of the three is taken as that person's bill. The three separate procedures are described in the following sections.

PROCEDURE #1: YEARLY PERCENTAGE ADJUSTMENT. The person's total bill for all services received while on staff is computed. 20% is taken off the bill for every full year spent on post producing under a covenant. This can be broken down to 10% for each full six-month period but cannot be broken down into smaller increments than six months. Time spent on full time training such as the TTC or ATC does not count as time spent on post producing, for the purposes of computing the percentage credit.

Example: Staff Member A was in the Sea Org three years and eight months and received services totalling \$10,000. He would be entitled to 70% or \$7,000 off the debt as an allowance for his production, leaving \$3,000 owing.

PROCEDURE #2: BASIC PENANCE. A Basic Penance for violation of covenant is charged. This is \$2,500 for Sea Org and \$1,000 for non-Sea Org staff. This is normally the minimum amount charged for violation of a covenant. If the Yearly Percentage Adjustment as computed in Procedure #1 above is less than this Basic Penance, the Basic Penance amount is charged.

Example: Staff Member B was in the Sea Org four years and 5 months and received \$10,000 worth of services while on staff. He would be entitled to a credit of 80% or \$8,000 against the debt, leaving a balance of \$2,000. Since \$2,000 is less than the Basic Penance of \$2,500 for Sea Org members, Staff Member B would be required to pay the higher amount, or \$2,500.

In other words, the higher of the two bills is the one which must be paid. There is an exception however.

EXCEPTION: There is one circumstance in which a person who violated a covenant would pay less than this Basic Penance. This is when the original bill, without any percentage credit taken off, is less than the Basic Penance amount. In this instance only the original bill would be owing. To do otherwise would increase the bill for these persons and this is not the intention of this handling.

Example: Staff Member C served one year on a five year non-Sea Org covenant in a Class IV Org and received \$800 worth of service while on staff. He would owe \$800 since this unadjusted bill amount is less than the Basic Penance amount of \$1,000 for non-Sea Org staff.

SPECIAL HANDLING FOR SEA ORG STAFF WHO SERVED MORE THAN 5 YEARS

IN THE SEA ORG: Former Sea Org staff members who left staff before the date of this PL and who served five years or more in the Sea Org normally owe only \$2,500. This is because no matter how many services a Sea Org member received over a 5 year period in the Sea Org and no matter the value of those services, the penance would automatically be nullified after minusing off 20% for every year of service (i.e. $20\% \times 5 = 100\%$). Thus usually only the \$2,500 Basic Penance is owed. (Note: This handling is subject to modification per procedure #3 covered later in this PL.)

However, Sea Org members who leave staff after the date of this PL and who have served over 5 years will be handled in a different fashion.

The first 5 years are handled as laid out above and the 20% per year credit eliminates all charges for services received during those first five years, leaving only the Basic Penance of \$2,500 for SO Members.

But in the sixth year of service the process starts all over again and the person is allowed 20% off for each year on those services received after the fifth year but before the eleventh year. (Years 6-10 inclusive, in other words) In this case the person's bill would be the higher amount of Procedure #1 and Procedure #2, as described above. The Basic Penance amount is only counted once, i.e. a person does not pay \$2,500 for each 5 year period of service.

The same process repeats itself after the tenth year but before the sixteenth (years 11 through 15 inclusive) and so on.

Example: Staff Member W was in the Sea Org seven years and left after the date of this PL. He received \$60,000 worth of services while on staff. \$50,000 was during the first five years and \$10,000 was during the sixth and seventh years. He would not be billed for the \$50,000 worth of services received during the first five years due to the fact that this is cancelled by the 20% a year allowance. He would be entitled to 40% or \$4,000 off the \$10,000 worth of services received in the sixth and seventh years, leaving a debt of \$6,000. He would pay the \$6,000 amount since it is higher than the \$2,500 Basic Penance.

Example: Staff Member X was in the Sea Org 11 years and left after the date of this PL. He received \$40,000 worth of services in the first ten years and \$2,000 worth of services in the eleventh year. He would not be billed for the services received in the first ten years. He would be entitled to 20% or \$400 off the services received in the eleventh year, leaving a balance of \$1,600 as figured by Procedure #1 above. Since \$1,600 is less than the Basic Penance of \$2,500 for Sea Org members, he would pay the Basic Penance amount - \$2,500.

PROCEDURE #3: FULL BILLING FOR UPPER LEVEL TRAINING. A third procedure is now in force for those covenant breakers who received upper level auditor or admin training while on staff. The procedure is to bill in full for any auditor training and internships above Graduate Class IV Case Supervisor and the OEC, FEBC and Data Series Evaluation Course. This amount is then compared to the amounts under procedures 1 and 2 above and the highest of the three amounts is owed.

One reason for this is because the org will have invested a great deal of time and money to elevate a person to the levels of training and competence described above. It would therefore not be a proper exchange to charge only a small reduced debt as per the procedures 1 and 2 covered earlier. Another reason for this is that there have been recent attempts to hire highly trained staff members away from their orgs by offering to pay off their relatively small debts.

This procedure is retroactive. Any disputes or disagreements over the application of this procedure can be referred to the Boards of Review described later in this PL.

Example: Staff Member Y was in the Sea Org 5 years and received \$55,000 in services. Of this amount, \$9,475 was for the SHSBC and Internship. Under procedure #2 above his bill would be \$2,500 since he had served 5 years. However he would pay \$9,475 since this is the amount of upper level auditing training received and is the higher amount.

Example: Staff Member Z served three years on a five year non-Sea Org covenant in a Class IV Org and received \$30,000 worth of services, of which the OEC and FEBC on Flag comprised \$14,750. Under procedure #1 above he would be entitled to 60% or \$18,000 against the debt leaving a balance of \$12,000. He would owe \$14,750 since this is the amount of the upper level admin training and is the higher amount.

CORRECTING THE ORIGINAL BILL

Before computing the percentage credit against the bill it is often necessary to correct the bill to reflect the value of services actually received by the covenant breaker while on staff. The adjustments that were used during the pilot were as follows:

1. Courses that were started and invoiced but not completed can be taken off the bill.
2. Interest charges can be eliminated.
3. Co-audits which were invoiced at professional auditing rates can be reduced to standard public fees for co-audits for the time of the co-audit.
4. Student auditing of staff charged for at full professional rates can be reduced by 50%.
5. Routine hatting actions done on post by a Hatting or Establishment Officer are not courses and are not billed. All checksheet courses are subject to billings and are charged for, including post hatting checksheets.
6. Wages and allowances and, in the case of Sea Org members, room and board, transport and medical are not charged for.
7. Staff members who received training or processing at an upper org are billed for all notes signed per ECO PL 12 March 1975 GRADE SUBSIDY FOR STAFF FORBIDDEN IN OTHER ORGS.
8. Services should be charged for using the rates that were in force at the time the staff member received the service. For example, one would not charge 1981 rates for auditing that was received in 1977, but rather would charge the 1977 rate.

The above list may or may not be complete. The point is to establish a fair bill for services actually received before deducting the 20% per year of service allowance.

Wherever possible, the amount and value of services received must be verified against actual records such as invoices, student files, folder summaries and so forth. However, in some instances the records may be so incomplete, muddled or non-existent that an accurate determination of the bill is not possible. In such cases the person must not be unduly slowed or stopped by the org's out admin. One would simply establish the billing with the person and obtain a written attest. Any knowing falsification would be subject to later ethics action and billing when discovered.

FSM PROGRAM

An FSM program is hereby instituted whereby a person who has left staff before completing his covenant can pay off his

000267

debt by bringing others in a similar position into the org to handle their ethics and exchange situation. He would receive 10% of the amount his selectees paid as a credit against his bill. After his bill is paid he can continue to FSM and would be paid directly.

Regular FSMs can also earn 10% commissions by bringing persons with incomplete covenants into the org to handle their debts.

PREVIOUS PAYMENTS

Payments made on Freeloader Bills prior to the date of this Policy Letter are credited in full against the adjusted debt or covenant breakage penance.

There is no "rebate" or "credit" given for any overpayment that may have been made as a result of reducing the bill per this policy. The person did violate his covenant with full knowledge of the policy that was in force at that time.

DEBTS TO MORE THAN ONE ORG

Normally the adjusted debt is paid to the org where the person was last on staff. However, it may happen that some one debts to several orgs. In this instance the collecting org would split with the other org in proportion to the original debts.

Example: Staff Member X was on staff at ASHO Day and AOLA and received services totalling \$50,000: \$20,000 from ASHO Day and \$30,000 from AOLA. At 4 1/2 years of service, 90% credit, his adjusted bill is \$5,000. This is split \$2,000 to ASHO Day and \$3,000 to AOLA. The org that collects the debt is responsible to see that the other is paid. In this example there were no FSM commissions paid. But if there had been they would have come off the top before the split was made.

ETHICS HANDLING AND CASE CLEAN-UP

The handlings described in the earlier portions of this PL deal with the debt only. Nothing in this policy diminishes the need for a proper and complete ethics handling to terminately handle any ethics situation that may exist after the person has paid his debt to the org. It is essential that this step be thoroughly done. There is some ethics situation or the person would not have left staff before completing his covenant in the first place.

Upon payment of the debt and after completing any needed ethics handling the person's next step is to receive clean-up auditing in the HCC at his own expense. The extent of the auditing program will vary from person to person but it must be sufficient to clean up any remaining bypassed charge concerning the incomplete covenant. This must be done before the person is allowed back on training lines.

After paying his debt and getting any necessary ethics handling and case clean-up the person will have handled his scene and becomes regular public and can get services just like anyone else.

CONTINENTAL BOARD OF REVIEW

Most will find the handling as set forth in this Policy Letter to be very fair. However, there may be some circum-

000268

064

situations in which these handlings do not apply. Therefore there is a Continental Board of Review established at each FOLO which is empowered to adjudicate the matter. Any person with an incomplete covenant who feels that his circumstances warrant a different handling may CSW the Board to have his case reviewed.

The Chairman of the Board of Review is the most senior LRM Comm in the area and the members are selected from the LRM Comm Network or Senior HCO. The Board is convened per HCO PL 23 February 1978 BOARD OF REVIEW.

FLAG BOARD OF REVIEW

Any person with an incomplete covenant who has presented his case to the Continental Board of Review and who feels that the findings and adjudications made by the Continental Board of Review are unjust, may petition the Flag Board of Review to have his case heard. Full particulars of that person's situation must be included plus the findings and adjudications made by the Continental Board of Review. Once reviewed by the Flag Board of Review, any decision made by the senior Board is final. This Flag Board of Review shall be selected from the Office of the LRM Comm Flag IMO and Senior HCO Office in the Flag IMO.

ROUTING FORM

A routing form has been prepared and attached which lays out the handling steps per this PL. It is noted that the initiation of the routing form and the handling of the debt must be done at the org where the person was a staff member. These steps may be done by mail where the person no longer lives near the org. The ethics handling and case clean-up portions of the routing form may be done at any convenient org once the debt is paid.

SUMMARY

You now have a handling for those who have failed to complete their staff covenants.

The Valuable Final Product of the complete handling is "AN EX-STAFF MEMBER WHOSE EXCHANGE IS IN WITH THE ORG AND WHOSE ETHICS ARE IN AND WHO IS REVITALIZED AS A SCIENTOLOGIST AND WHO CONTINUES UP THE BRIDGE AND CONTRIBUTES TO THE FORWARD MOTION OF SCIENTOLOGY."

That is a worthwhile product, is it not?

THE BOARD OF DIRECTORS
of the
CHURCH OF SCIENTOLOGY
INTERNATIONAL

Assisted by
Lyman Spurlock

INCOMPLETE COVENANT ROUTING FORM

1. RECEPTIONIST: Fills in the following:

- A. Person's Name: _____
Date: _____
Address: _____
Zip: _____ Phone: _____
B. Routes to Cashier.

RECEPTIONIST: _____

2. CASHIER: Does the following:

- A. Goes over the Freeloader's account and figures new balance according to HCO PL 11 Jun 81, VIOLATION OF STAFF COVENANT.
B. Has the person pay his debt in full if possible.
C. If the person can not pay his debt in full explains about the FSM program where the commissions can be credited to his account.
D. If debt not paid in full, files this routing form in the person's accounts file.
E. When debt is paid in full routes the person to the Ethics Officer/Master at Arms.

CASHIER: _____

3. ETHICS OFFICER/MASTER AT ARMS: Does the following:

- A. Gets all data collected up on the person regarding his ethics. Studies ethics and pers files.
B. Gets C/S okay to do ethics handling.
C. Interviews person and writes out an ethics program for him to do with copy to his ethics file and copy to his pc folder.
D. Ensures that the person does get through his ethics handling.
E. Files this routing form in the person's ethics file until his ethics cycle is complete.
F. Issues a Conditions Order that the person is in good standing.
G. Routes to the Receptionist.

ETHICS OFFICER/MASTER AT ARMS: _____

HC1) PL 11.G.81R
Rev. 18.J.82
ATTACHMENT

- 2 -

4. RECEPTIONIST: Does the following:

- A. Originates a Pc Onto Lines Routing Form for the person.
- B. Ensures that the person does see the Registrar.
- C. Routes this R/F to the Ethics Officer/MAA.

RECEPTIONIST: _____

5. ETHICS OFFICER/MASTER AT ARMS:

- A. Files this Routing Form in the ex-staff member's ethics file.

ETHICS OFFICER/MASTER AT ARMS: _____

000271

067

EXHIBIT C

000272



RELIGIOUS TECHNOLOGY CENTER

Holder of the Dianetics and Scientology trademarks

August 30, 1987

Rick Aznaran
5521 Greenville Ave, Suite 104
Dallas, TX 75206

RE: YOUR PETITION

Dear Rick,

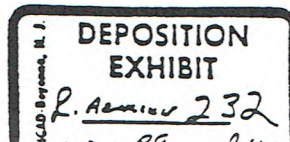
I received and read your petition. I looked into what was going on with your freeloader debt calculation, and found that the Inspector General for Ethics was having it re-calculated as there were errors stemming from lack of no-charge invoices in your files.

He has this straightened out now and you will receive the correct bill shortly.

According to the Policy Letter you quoted from, the past service of the ex-staff member is taken into account by applying a system of calculation of the debt. This is laid out in the section following the line you quoted. I have attached a copy of the Policy Letter for your reference.

According to same, the ethics handling to be done on the freeloader is to occur after the debt is paid off and before further services are taken (see section entitled "Ethics handling and case clean up").

000273 068



I cannot approve your petition based upon the data you have submitted weighed against HCO PL 11 June 1981R Rev 18 March 1982 VIOLATION OF STAFF COVENANT. However, you should know that there is a procedure laid out in this Policy Letter for people who consider that their circumstances warrant different handling than the procedure laid out earlier in this Policy.

Therefore, once you receive your freeloader billing you may CSW pursuant to that section of the policy, directly to RTC. IG for Ethics will oversee any such request received. If you do go this route, I advise you to submit a very detailed and complete case to the Board.

Good luck.

Love,



Capt. David Miscavige
Chairman of the Board
RTC

000274

069

000275

EXHIBIT D

10 September, 1987

Rick and Vicki Aznaran
5521 Greenville, Ave
Suite 104-754
Dallas, Texas 75206

Re: Freeloader bill

Dear Rick and Vicki,

Enclosed you will find a copy of your freeloader debt bills. These have been calculated pursuant to HCO PL VIOLATION OF STAFF COVENANT. Therefore, the discounts for the debt accrued during your first five years of S.O. service have cancelled out any debt for that period.

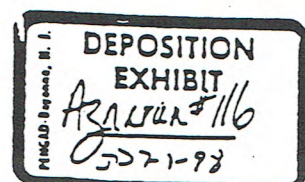
Please let me know if you have any questions on this.

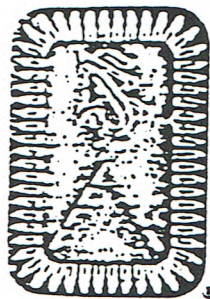
Sincerely,



070

000276





RELIGIOUS TECHNOLOGY CENTER

Holder of the Diagnostics and Scientology trademarks

RICK AZNARAN

DATE	ITEM	DEBIT	CREDIT	TOTAL
1983	2.5 hrs auditing \$668.00	1670.00		
1984	16 " " \$704.00	11264.00		
1985	19 " " \$774.00	14706.00		
1986	14 " " \$897.50	12566.40		
1987	7 " " \$897.50 (January, February)	6283.20		

TOTAL AUDITING

50% discount for Professional Rates

\$46489.50
-23244.30

TOTAL AUDITING

23244.60

19.9.83	Computer Course basic nat	200.00
22.12.	Sir Course	200.00
21.5.85	Cleaning nat	250.00
23.5.85	Emissary Program	35.00
23.5.85	Messenger TRS	35.00
23.5.85	Messenger Mini Nat	35.00
28.6.85	Watch Tip target "Duplication"	35.00
28.6.85	Typing format	35.00
29.6.85	Messenger Key Word List	250.00
30.6.85	Watch Tip target "Dictation"	35.00
30.6.85	Security Packing	85.00
30.6.85	Despatch Routing	85.00
30.6.85	R Security Hatting	35.00
5.7.85	Exec Status I	1996.50
17.10.85	Watch Messenger R. Spaces	35.00

TOTAL TRAINING

\$3746.50

GRAND TOTAL

26991.30

25.7.87 70% Credit per HCO PL Violation of Staff
3.5 years Covenant

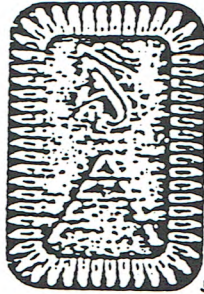
-18893.91

TOTAL FREELoader BILL

\$ 8097.39

000277

071



RELIGIOUS TECHNOLOGY CENTER

VICKI AZNARAN

Holder of the Dianetics and Scientology trademarks

DATE	ITEM	DEBIT	CREDIT	TOTAL
1983	8 hours auditing US\$668.00	\$5344.00		
1984	16 " " 3\$704.00	11264.00		
1985	27 " " 3\$774.00	20898.00		
1986	15 " " 3\$897.50	13464.00		
1987	9 " " " " (January, February)	8078.40		
TOTAL AUDITING				\$59048.40
50% discount for Professional rates				-29524.20
TOTAL AUDITING				29524.20
17.9.33	Computer Course basic nat	200.00		
21.9.83	D/Insp General Mini nat	50.00		
24.10.33	RTC Corp Hat	200.00		
12.1.34	SIR course	200.00		
2.3.85	OEC Vol 7	1340.90		
2.7.35	Index course	500.00		
16.10.35	Watch tip target "Dictation"	85.00		
TOTAL TRAINING				\$2575.90
GRAND TOTAL TRAINING AND AUDITING				32100.10
25.7.37	70% Credit Per HCO PL Violation of Staff Covenant			-22470.07
TOTAL FREELOADER BILL				\$ 9630.03

000278

072

000279

EXHIBIT E



THE CHURCH OF SCIENTOLOGY® INTERNATIONAL

4751 Fountain Avenue • Los Angeles • CA 90029

Dear Rick and Vicki,

Per the loan agreement between yourselves and Church of Scientology International, the interest on the principal of your loan is to be paid annually on or before 31 December of each year.

I do not have any record of the interest for 1987 being paid. If you have sent the payment in please let me know who it was sent to so that I can properly record the payment.

If the interest payment has not been sent yet please send it. Make the check payable to "Church of Scientology International."

You can send the payment directly to me C/O ^{Int} Finance, 4751 Fountain Ave. LA, Cal 90029.

Sincerely Yours,

Marilyn Clunie
Marilyn Clunie
Reserves Admin
Int Fin Office

cc: Inspector General for Ethics,
RTC

000280

073



THE CHURCH OF SCIENTOLOGY* INTERNATIONAL

4751 Fountain Avenue • Los Angeles • CA 90029

15 March 1988

Rick and Vicki Aznaran
5111 Kiamesha Way
Mesquite, TX 75150

Second Notice

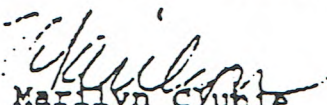
Dear Rick and Vicki,

Per the loan agreement between yourselves and the Church of Scientology International, the interest on the principal on your loan is to be paid annually on or before 31 December of each year.

I do not have any record of the interest for 1987 being paid.

If the interest payment has not been sent yet please do so. The check should be made out to Church of Scientology International and sent to me at 4751 Fountain Ave. Los Angeles, CA 90029.

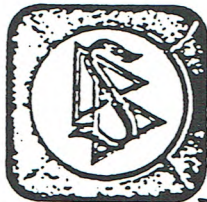
Sincerely Yours,


Marilyn Christie
Reserves Admin
C/O Int'l Finance

000282

074

Church of Scientology International



December 29, 1988

Rick and Vicki Aznaran
5435 Belmont
Dallas, TX 75206

Third Notice

Dear Rick and Vicki Aznaran,

I still do not have any record that you have paid any of the interest on the loan you have with Church of Scientology International for 1987.

Per the loan agreement the interest on the principal on your loan is to be paid annually on or before 31 December of each year. Additionally, the interest for 1988 is due by the end of this month.

If the interest for 1987 and 1988 has not been sent yet please do so. The check should be made out to Church of Scientology International and sent to me at 6331 Hollywood Blvd., Los Angeles, California 90028.

Sincerely,

Marilyn Clunie
Marilyn Clunie
Reserves Admin
C/O Int Finance

"The Sun Never Sets on Scientology"

Scientology® Applied Religious Philosophy

6331 HOLLYWOOD BOULEVARD LOS ANGELES, CALIFORNIA 90028

075

000284

DECLARATION OF KENDRICK L. MOXON

I, Kendrick L. Moxon, do hereby declare and state:

1. I am an attorney, admitted to practice in the State of California and before the United States District Court for the Central District of California. I am counsel of record for defendants and counter-claimants Church of Scientology International and Church of Spiritual Technology in the instant action. I am completely familiar with the facts and proceedings in this case thus far. I have personal knowledge of the facts set forth herein and if called upon to testify, I could and would do so competently. I make this declaration in support of defendants' motion for a preliminary injunction.

2. Between 1983 and 1987, Vicki Aznaran was in a fiduciary relationship to the Religious Technology Center. During most of that time, she was the Inspector General of the Religious Technology Center. This position was one of the highest ecclesiastical positions in the religion, as the Religious Technology Center was responsible for preserving the integrity of the religious practices of the Churches of Scientology in accordance with the scriptural works of the founder of the religion. Vicki Aznaran was thus in a position to acquire much information of a confidential nature, including information about legal strategies and decisions of defendants and information about private religious practices of Scientology. From approximately 1983 to 1986, Richard Aznaran was a Church employee at various times in charge of security for Church organizations. He was also in a position to acquire information of a confidential ecclesiastical nature.

1 From January, 1986 until March, 1987, Richard Aznaran performed
2 similar functions for the Estate of L. Ron Hubbard.

3 3. Vicki and Richard Aznaran, plaintiffs in the instant
4 action, entered into mutual release agreements with my clients
5 and other defendants on April 9, 1987. Said agreements
6 include promises by plaintiffs to maintain strict
7 confidentiality and silence with respect to their experiences
8 with the Church of Scientology and any knowledge or information
9 they may have concerning the Church of Scientology. Exhibit A,
10 at para. 6C, Ex. B at para. 6C. The agreements also
11 included promises by plaintiffs to refrain from voluntarily
12 assisting or cooperating with any person in any proceeding
13 against any Scientology organization. Ex. A at para. 6E, Ex.
14 B at para. 6E. The agreements further provided that plaintiffs
15 would not testify or otherwise participate in any judicial,
16 administrative or legislative proceeding adverse to Scientology
17 or any of the Scientology organizations, individuals or
18 entities unless compelled to do so by lawful subpoena or other
19 lawful process. Ex. A at para. 6F, Ex. B at para. 6F. Both
20 plaintiffs further agreed not to discuss their experiences or
21 personal or indirectly acquired knowledge or information
22 concerning Scientology with anyone other than members of their
23 immediate family. Ex. A at para. 6F, Ex. B at para. 6F.

24 4. Notwithstanding these agreements, plaintiffs have
25 repeatedly and blatantly violated their promises both before
26 and since the commencement of the instant law suit.

27 5. I am counsel of record for the plaintiff and
28 cross-defendant Church of Scientology International in a case

1 entitled Religious Technology Center, et. al. v. Joseph A.
2 Yanny, et. al., Case No. C 690 211 (Los Angeles Sup. Ct.).
3 This is an action brought by the Religious Technology Center
4 against Yanny, a former attorney for various of the defendants
5 in this action. Yanny was employed by these defendants from
6 approximately 1983 until the end of 1987, the same time that
7 Vicki Aznaran was President of Religious Technology Center.
8 That litigation against Yanny concerns disputes over Yanny's
9 billings to the Church and Yanny's breaches of his fiduciary
10 relationship with the Church.

11 6. According to deposition testimony of both Richard
12 Aznaran and Vicki Aznaran, plaintiffs in this action met with
13 Yanny numerous times during the period March 18, 1988 to March
14 30, 1988. They discussed this lawsuit, the nature of their
15 claims, the statute of limitations problems and other issues.
16 They also discussed strategy, what they knew about defendants'
17 approaches to litigation and how to exploit what they perceived
18 as weaknesses in these approaches in order to assist Yanny in
19 his litigation against the Church. (Ex. I, Deposition of
20 Richard Aznaran, pp. 44-50, 93, 190-191, 179-180, 190-191; Ex.
21 G, Deposition of Vicki Aznaran, pp. 319-320; Ex. K, Declaration
22 of Dorothy Peti)

23 7. In approximately June of 1988, Vicki and Richard
24 Aznaran spent over eight hours talking to Los Angeles Times
25 reporters Robert Welkos and Joel Sappell about their
26 experiences with various of the defendants, including the
27 Religious Technology Center, both real and imagined. (Ex. G at
28 48-59, 55; Ex. I at 222-23)

1 8. In their deposition testimony in that case, the
2 Aznarans testified that they called and met with Bent Corydon,
3 former Scientologist and plaintiff in lawsuits against the
4 Church, and discussed with him their experiences with the
5 Religious Technology Center and other Church entities. These
6 discussions occurred during the time that Corydon was involved
7 in litigation against RTC and others. (Ex. G at 76-91)

8 9. I am also counsel of record for cross-claimants in a
9 case captioned Corydon v. Church of Scientology
10 International, et. al. Case No. C 694 401 (Los Angeles Sup.
11 Ct.). Vicki Aznaran has also voluntarily authored various
12 declarations and affidavits (5 in total) for use in the
13 Corydon lawsuit and in another lawsuit brought by Corydon
14 against various Churches of Scientology. The most recent
15 affidavit was executed on September 29, 1989. To the best of
16 my knowledge and belief, the Aznarans continue to violate the
17 confidentiality provisions of their release agreements by
18 continuing to meet and discuss with Corydon their experiences
19 with various of the defendants in this case and to assist
20 Corydon in his litigation against the Church.

21 10. The declarations and affidavits voluntarily prepared
22 by Vicki Aznaran for use by Bent Corydon revealed
23 information learned during attorney-client privileged
24 discussions which occurred during the time when Vicki Aznaran
25 acted on behalf of one of the defendants in this lawsuit,
26 information as to her own experiences with defendants,
27 including her employment history, her claims in this lawsuit,
28 and information allegedly imparted to her by senior officials

1 of Scientology organizations while she was a fiduciary.

2 11. I am also counsel of record for plaintiffs and
3 counter-defendants in Religious Technology Center, et. al.
4 v. Robin Scott/Larry Wollersheim, et. al., Case Nos. CV
5 85-711 JMI(Bx), 85-7197 JMI(Bx). In that case as well, Vicki
6 Aznaran voluntarily met with parties in litigation with the
7 Church in June, 1988 and, in October, 1988 voluntarily filed a
8 declaration which revealed information in violation of her
9 release agreement with defendants herein. In that declaration,
10 Vicki Aznaran described the chronology of her purported
11 experiences while a member and staff member of different
12 Churches of Scientology and other confidential information
13 learned while Vicki was in a fiduciary capacity within RTC
14 and/or CSI.

15 12. Plaintiffs' disclosures of confidential information
16 and of information about their own experiences while members
17 and staff of various defendant organizations have caused and
18 will continue to cause irreparable harm to defendants. The
19 dissemination of such information to parties in litigation
20 against the Church causes obvious and continuing harm to
21 defendants. These disclosures are directly in violation of
22 plaintiffs' contractual obligations with defendants not to
23 disclose any such information.

24 13. Attached hereto as Exhibit A is a true and correct
25 copy of a document entitled "MUTUAL RELEASE AGREEMENT" signed
26 by Vicki Aznaran and others, previously submitted in this
27 action.

28 14. Attached hereto as Exhibit B is a true and correct

1 copy of a document entitled "MUTUAL RELEASE AGREEMENT," signed
2 by Rick Aznaran and others, previously submitted in this
3 action.

4 15. Attached hereto as Exhibit C is a true and correct
5 copy of a document entitled "MUTUAL RELEASE AGREEMENT," signed
6 by Rick Aznaran and others, previously submitted in this
7 action.

8 16. Attached hereto as Exhibit D is a true and correct
9 copy of an order dated July 22, 1989 in the Stansfield, et
10 al. v. Starkey, et al. action, Case No. 001012, Los
11 Angeles Superior Court, previously submitted in this action.

12 17. Attached hereto as Exhibit E is a true and correct
13 copy of the face page of the complaint in Pennea, et al. v.
14 Church of Scientology International, et al., Florida Circuit
15 Court, Case No. 88-30050, previously submitted in this action.

16 18. Attached hereto as Exhibit F is a true and correct
17 copy of the dismissal of the Pennea action, dated January 5,
18 1989, previously submitted in this action.

19 19. Attached hereto as Exhibit G are true and correct
20 copies of relevant pages from the deposition of Vicki Aznaran
21 in the instant action.

22 20. Attached hereto as Exhibit H is a true and correct
23 copy of the Declaration of Lawrence E. Heller, December 12,
24 1988, previously submitted in this action.

25 21. Attached hereto as Exhibit I are true and correct
26 copies of relevant pages from the deposition of Rick Aznaran in
27 the instant action.

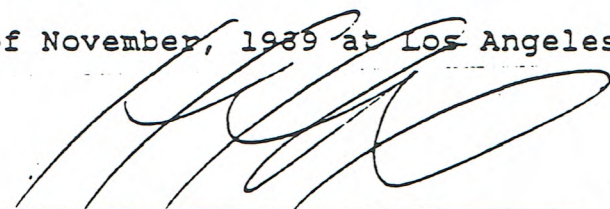
28 22. Attached hereto as Exhibit J is a true and correct

1 copy of the Declaration of Vicki Aznaran, August 8, 1988,
2 previously submitted in this action.

3 23. Attached hereto as Exhibit K is a true and correct
4 copy of the Declaration of Dorothy Peti, previously submitted
5 in this action.

6 I declare under penalty of perjury under the laws of the
7 United States that the foregoing is true and correct.

8 Executed this 8th day of November, 1989 at Los Angeles,
9 California.

10 
11 KENDRICK L. MOXON
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

MUTUAL RELEASE AGREEMENT

1. This MUTUAL RELEASE AGREEMENT is made and entered into by and between VICKI AZNARAN and the Religious Technology Center; Church of Scientology International; Church of Scientology of California; Church of Spiritual Technology; all other Scientology organizations or entities as well as the officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns, and legal counsel of each of the forgoing organizations or entities; Pat Broeker and Anne Broeker (hereinafter collectively referred to as the "CHURCH"); and Author Services Incorporated, it's officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns and legal counsel; the Estate of L. Ron Hubbard, it's executor, beneficiaries, legal counsel and employees; Author's Family Trust, it's trustee, employees, beneficiaries, and legal counsel (hereinafter collectively referred to as the "ESTATE/ASI").

2. The CHURCH agrees to indemnify VICKI AZNARAN against any damages stemming from lawsuits which exist now or are brought against her in the future arising out of her association with the Church of Scientology or any posts she has held in the Church. It is understood that as a part of this agreement the CHURCH will provide free legal counsel to VICKI AZNARAN providing she cooperates fully with the CHURCH and CHURCH attorneys and she contacts the CHURCH immediately when she becomes aware of any potential or real legal threat to herself and/or the CHURCH.

3. For and in consideration of the above mutual covenants, conditions and release contained herein, VICKI AZNARAN does hereby release, acquit and forever discharge for herself, her heirs, successors, executors, administrators and assigns, the CHURCH and the ESTATE/ASI from any and all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, from the beginning of time to and including the date hereof.

4. For and in consideration of the mutual covenants, conditions and release contained herein, the CHURCH and the ESTATE/ASI do hereby release, acquit and forever discharge for it, its successors and assigns, VICKI AZNARAN, her agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by VICKI AZNARAN from the beginning of time to and including the date hereof.

5. It is understood that this mutual release is not an admission of liability on the part of any party to this Agreement. In executing this Release Agreement, VICKI AZNARAN acknowledges that she has released the organizations, individuals and entities listed in Paragraph 1.

6. Further, the undersigned hereby agree to the following:

A. That liability for any claims is expressly denied by each party herein released, and this Agreement shall never be treated as an admission of liability or responsibility at any time for any purpose.

000295

084

9

B. VICKI AZNARAN has been fully advised and understands that any alleged injuries or alleged money claims sustained by her are of such character that the full extent and type of injuries or money claims may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, damages may be sustained by VICKI AZNARAN; nevertheless, VICKI AZNARAN desires by this document to forever and fully release the CHURCH and the ESTATE/ASI. VICKI AZNARAN understands that by the execution of this release no claims arising out of her experience with, or actions by, the CHURCH and the ESTATE/ASI, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by her or on her behalf, against the CHURCH and the ESTATE/ASI.

C. VICKI AZNARAN agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other similar form, any writing, or to broadcast, or to assist another to create, write, film or video tape or audio tape, any show, program or movie, concerning her experiences with the Church of Scientology, or personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard, or any entities and individuals listed in Paragraph 1 above. VICKI AZNARAN further agrees that she will maintain strict confidentiality and silence with respect to her experiences with the Church of Scientology and any knowledge or information she may have concerning the Church of

085

40

000296

Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. VICKI AZNARAN expressly understands that the non-disclosure provisions of this subparagraph shall apply, but not be limited to, the contents or substance of any documents she may have possessed while in the Church including but not limited to any tapes, films, photographs, or variations thereof which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. VICKI AZNARAN agrees that if the terms of this paragraph are breached by her, that the aggrieved party listed hereinabove would be entitled to liquidated damages in the amount of \$10,000 for each such breach. The reasonableness of the amount of such damages are hereto acknowledged by VICKI AZNARAN.

D. VICKI AZNARAN agrees to return to the CHURCH at the time of the consummation of this Agreement, all materials in her possession, custody or control of any nature - except for any materials she personally possesses that are generally publically available and sold by the Church or their authorized agents - any documents, papers, memorandums, tapes, films, photographs, or any variations thereof which concern or relate to the religion of Scientology or any of the persons or entities listed in Paragraph 1 above.

E. VICKI AZNARAN agrees that she will not voluntarily assist or cooperate with any person adverse to the religion of Scientology in any proceeding against any of the Scientology organizations, or cooperate with any person adverse to any of the organizations, individuals or entities listed in

Paragraph 1 above in any proceeding against any of the organizations, individuals, or entities listed in Paragraph 1 above. VICKI AZNARAN also agrees that she will not cooperate in any manner with any organizations aligned against Scientology or any of the organizations, individuals, or entities listed in Paragraph 1 above.

F. VICKI AZNARAN agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the organizations, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Unless required to do so by such subpoena, VICKI AZNARAN agrees not to discuss her experiences or personal or indirectly acquired knowledge or information concerning the organizations, individuals, or entities listed in Paragraph 1, with anyone other than members of her immediate family. VICKI AZNARAN shall not make herself amenable to service of any such subpoena in a manner which invalidates the intent of this agreement. As provided hereinafter in Paragraph 16, the contents of this Agreement may not be disclosed.

G. VICKI AZNARAN hereby acknowledges and affirms that she is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that her ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

7. This Release Agreement contains the entire Agreement between the parties hereto, and the terms of this Release are contractual and not a mere recital. This Release may be

087

12

000298

amended only by a written instrument executed by the undersigned. The parties hereto have carefully read and understand the contents of this Release Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

8. VICKI AZNARAN agrees that she will not assist or advise anyone, including partnerships, associations or corporations, contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

9. The parties to this Agreement acknowledge that all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will.

10. In the event any provision hereof is unenforceable, such provision shall not affect the enforceability of any other provision hereof.

11. Each party warrants that it has had an opportunity to seek independent legal advice with respect to the advisability of making the settlement provided for herein and in executing this Agreement. Notwithstanding, VICKI AZNARAN warrants that she fully understand the full nature and legal consequences of this agreement.

12. The parties to this Agreement acknowledge that all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have had the opportunity to seek advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement.

13. The parties hereto acknowledge that they have not made any statement, representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party or of any officer, agent, employee, representative or attorney for the other party.

14. The parties to this Agreement agree that all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

15. Each party warrants that the persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

16. The parties hereto each agree not to disclose the contents of this executed Agreement.

000300

089

14

IN WITNESS WHEREOF, the parties hereto have entered into and executed this Agreement, on the date opposite their names.

Dated: 9 Apr '87

Vicki Aznaran
VICKI AZNARAN

Dated: 13 April 87

RELIGIOUS TECHNOLOGY
CENTER

Dated: 14 April 1987

By: [Signature]
CHURCH OF SCIENTOLOGY
INTERNATIONAL

Dated: 13 April 1987

By: [Signature]
CHURCH OF SCIENTOLOGY
CALIFORNIA

Dated: 9 April 1987

By: [Signature]
CHURCH OF SPIRITUAL
TECHNOLOGY

Dated: 13 April 1987

By: [Signature]
AUTHOR SERVICES INC.

Dated: 13 April 1987

By: [Signature]
ESTATE OF L. RON HUBBARD

Dated: 13 April 1987

By: [Signature]
AUTHOR'S FAMILY TRUST

000301

MUTUAL RELEASE AGREEMENT

1. This MUTUAL RELEASE AGREEMENT is made and entered into by and between RICK AZNARAN and the Religious Technology Center; Church of Scientology International; Church of Scientology of California; Church of Spiritual Technology; all other Scientology organizations or entities as well as the officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns, and legal counsel of each of the forgoing organizations or entities; Pat Broeker and Anne Broeker (hereinafter collectively referred to as the "CHURCH"); and Author Services Incorporated, it's officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns and legal counsel; the Estate of L. Ron Hubbard, it's executor, beneficiaries, legal counsel and employees; Author's Family Trust, it's trustee, employees, beneficiaries, and legal counsel (hereinafter collectively referred to as the "ESTATE/ASI").

2. The CHURCH agrees to indemnify RICK AZNARAN against any damages stemming from lawsuits which exist now or are brought against him in the future arising out of his association with the Church of Scientology or any posts he has held in the Church. It is understood that as a part of this agreement the CHURCH will provide free legal counsel to RICK AZNARAN providing he cooperates fully with the CHURCH and CHURCH attorneys and he contacts the CHURCH immediately when he becomes aware of any potential or real legal threat to himself and/or the CHURCH.

000303

3. For and in consideration of the above mutual covenants, conditions and release contained herein, RICK AZNARAN does hereby release, acquit and forever discharge for himself, his heirs, successors, executors, administrators and assigns, the CHURCH and the ESTATE/ASI from any and all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, from the beginning of time to and including the date hereof.

4. For and in consideration of the mutual covenants, conditions and release contained herein, the CHURCH and the ESTATE/ASI do hereby release, acquit and forever discharge for it, its successors and assigns, RICK AZNARAN, his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by RICK AZNARAN from the beginning of time to and including the date hereof.

5. It is understood that this mutual release is not an admission of liability on the part of any party to this Agreement. In executing this Release Agreement, RICK AZNARAN acknowledges that he has released the organizations, individuals and entities listed in Paragraph 1.

6. Further, the undersigned hereby agree to the following:

A. That liability for any claims is expressly denied by each party herein released, and this Agreement shall never be treated as an admission of liability or responsibility at any time for any purpose.

000304

B. RICK AZNARAN has been fully advised and understands that any alleged injuries or alleged money claims sustained by him are of such character that the full extent and type of injuries or money claims may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, damages may be sustained by RICK AZNARAN; nevertheless, RICK AZNARAN desires by this document to forever and fully release the CHURCH and the ESTATE/ASI. RICK AZNARAN understands that by the execution of this release no claims arising out of his experience with, or actions by, the CHURCH and the ESTATE/ASI, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the CHURCH and the ESTATE/ASI.

C. RICK AZNARAN agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other similar form, any writing, or to broadcast, or to assist another to create, write, film or video tape or audio tape, any show, program or movie, concerning his experiences with the Church of Scientology, or personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard, or any entities and individuals listed in Paragraph 1 above. RICK AZNARAN further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of

Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. RICK AZNARAN expressly understands that the non-disclosure provisions of this subparagraph shall apply, but not be limited to, the contents or substance of any documents he may have possessed while in the Church including but not limited to any tapes, films, photographs, or variations thereof which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. RICK AZNARAN agrees that if the terms of this paragraph are breached by him, that the aggrieved party listed hereinabove would be entitled to liquidated damages in the amount of \$10,000 for each such breach. The reasonableness of the amount of such damages are hereto acknowledged by RICK AZNARAN.

D. RICK AZNARAN agrees to return to the CHURCH at the time of the consummation of this Agreement, all materials in his possession, custody or control of any nature - except for any materials he personally possesses that are generally publically available and sold by the Church or their authorized agents - any documents, papers, memorandums, tapes, films, photographs, or any variations thereof which concern or relate to the religion of Scientology or any of the persons or entities listed in Paragraph 1 above.

E. RICK AZNARAN agrees that he will not voluntarily assist or cooperate with any person adverse to the religion of Scientology in any proceeding against any of the Scientology organizations, or cooperate with any person adverse to any of the organizations, individuals, and entities listed in

Paragraph 1 above in any proceeding against any of the organizations, individuals, or entities listed in Paragraph 1 above. RICK AZNARAN also agrees that he will not cooperate in any manner with any organizations aligned against Scientology and any of the organizations, individuals, and entities listed in Paragraph 1 above.

F. RICK AZNARAN agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the organizations, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Unless required to do so by such subpoena, RICK AZNARAN agrees not to discuss his experiences or personal or indirectly acquired knowledge or information concerning the organizations, individuals, or entities listed in Paragraph 1, with anyone other than members of his immediate family. RICK AZNARAN shall not make himself amenable to service of any such subpoena in a manner which invalidates the intent of this agreement. As provided hereinafter in Paragraph 16, the contents of this Agreement may not be disclosed.

G. RICK AZNARAN hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

7. This Release Agreement contains the entire Agreement between the parties hereto, and the terms of this Release are contractual and not a mere recital. This Release may be

amended only by a written instrument executed by the undersigned. The parties hereto have carefully read and understand the contents of this Release Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

8. RICK AZNARAN agrees that he will not assist or advise anyone, including partnerships, associations or corporations, contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

9. The parties to this Agreement acknowledge that all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will.

10. In the event any provision hereof is unenforceable, such provision shall not affect the enforceability of any other provision hereof.

11. Each party warrants that it has had an opportunity to seek independent legal advice with respect to the advisability of making the settlement provided for herein and in executing this Agreement. Notwithstanding, RICK AZNARAN warrants that he fully understand the full nature and legal consequences of this agreement.

000308

096

12. The parties to this Agreement acknowledge that all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have had the opportunity to seek advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement.

13. The parties hereto acknowledge that they have not made any statement, representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party or of any officer, agent, employee, representative or attorney for the other party.

14. The parties to this Agreement agree that all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

15. Each party warrants that the persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

16. The parties hereto each agree not to disclose the contents of this executed Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into and executed this Agreement, on the date opposite their names.

Dated: 9 Apr 87

Rick Aznan
RICK AZNARAN

Dated: 13 April 1987

By: Van Melt
RELIGIOUS TECHNOLOGY
CENTER

Dated: 14 April 1987

By: [Signature]
CHURCH OF SCIENTOLOGY
INTERNATIONAL

Dated: 13 April 1987

By: [Signature]
CHURCH OF SCIENTOLOGY
CALIFORNIA

Dated: 12 April 1987

By: [Signature]
CHURCH OF SPIRITUAL
TECHNOLOGY

Dated: 13 April 1987

By: [Signature]
AUTHOR SERVICES INC.

Dated: 13 April 1987

By: [Signature]
ESTATE OF L. RON HUBBARD

Dated: 13 April 1987

By: [Signature]
AUTHOR'S FAMILY TRUST

By: [Signature]

000310

098

EXHIBIT C

000311

DECLARATION AND RELEASE OF CLAIMS

This Declaration and Release is made with reference to the following facts:

A. From January 24, 1986 until April 1, 1987, RICK AZNARAN ("Aznaran") was employed by Norman F. Starkey, Trustee of Author's Family Trust. At various times during the employment Aznaran lived and worked on two (2) ranches belonging to Author's Family Trust situated in Newberry Springs, California and Creston, California.

B. On January 13, 1987, a fire occurred in the living quarters occupied by Aznaran at Newberry Springs. The fire destroyed certain personal possessions owned by Aznaran. On April 1, 1987, Aznaran terminated his employment.

C. Concurrently herewith, Aznaran is receiving the sum of One Thousand Forty and 90/100 (\$1,040.90) by check number 1725 drawn on the account of Author's Family Trust in full settlement for personal property damaged or destroyed in the Newberry Springs fire.

D. Concurrently herewith, Aznaran is receiving the sum of Three Hundred Eighty-Seven and 37/100 (\$387.37) by check number 1724 drawn on the account of Author's Family Trust in full satisfaction of wages owed for the period from March 20, 1987 to and including April 1, 1987. Aznaran acknowledges that no further sums are due and owing in connection with his employment by Author's Family Trust.

E. In consideration of the foregoing, Aznaran desires to forever release Norman F. Starkey, both individually and as Trustee of Author's Family Trust, the Estate of L. Ron Hubbard and Author Services, Inc., from any and all claims arising out of the aforementioned facts.

NOW, THEREFORE, Aznaran declares as follows:

1. Aznaran on behalf of himself, his spouse, agents, attorneys, heirs, successors, alter egos, executors, administrators and assigns fully and forever releases Norman F. Starkey individually and as Trustee of Author's Family Trust, the Estate of L. Ron Hubbard, Author Services, Inc., and their respective employees, agents, attorneys, heirs, successors, alter egos, executors, administrators and assigns ("Releasees") from any and all debts, claims, demands, causes of action in law and in equity, liabilities, costs or expenses of any nature whatsoever, known or unknown, which Aznaran now has or heretofore may have had

000312

099

against Releasees arising out of or relating to the facts and transactions set forth in paragraphs A, B, C, D and E of this Declaration and Release of Claims.

2. Aznaran acknowledges that he is familiar with and understands the provisions of Civil Code Section 1542 which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him, must have materially affected his settlement with the debtor."

Aznaran, taking into account any and all presently unsuspected and unknown damages, losses, costs and expenses, hereby waives any and all rights which he may have under Section 1542 of the California Civil Code or under any other State or Federal statute or common law principal of similar effect.

3. Aznaran agrees that he will not hereafter initiate, commence, maintain or prosecute any action, appeal, claim, request for legal or equitable release, or administrative proceeding against the Releasees, either directly or indirectly, on account of any matter, injury, damage or detriment suffered or claimed to be suffered, directly or indirectly, known or unknown, arising out of or relating to the facts and transactions set forth in paragraphs A, B, C, D and E of this Declaration and Release of Claims.

4. Aznaran represents and warrants that he has not assigned any claim or any portion of any claim released by this Declaration and Release of Claims to any person or entity.

5. This Declaration and Release of Claims shall be construed under and interpreted in accordance with the laws of the State of California. If any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Declaration and Release of Claims, the prevailing party shall be entitled to recover actual attorney's fees, which may be determined by the court in the same action, or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled. The attorney fee award

shall not be computed in accordance with any court schedule but shall be such as to fully reimburse all attorney's fees paid or incurred in good faith.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: 9 Apr, 1987

Rick Aznaran
RICK AZNARAN

STATE OF CALIFORNIA)
COUNTY OF LA.) ss.

On 9 April, 1987 before me, the undersigned, a Notary Public in and for said State, personally appeared RICK AZNARAN, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.

(SEAL)

Ken Seybold
Notary Public in and for
said County and State

My commission expires on:

16 Sept, 1987



000314

101

26

RICK AZNARAN'S LIST OF PERSONAL ITEMS LOST IN ALJO FIRE

A

1 long sleeved white PRCA shirt	\$25.00
1 maroon down vest by St John's Bay	\$75.00
1 brown nylon quilted jacket	\$125.00
3 pr Wrangler jeans	\$90.00
4 flannel shirts	\$120.00
2 quilted flannel shirts	\$70.00
5 pair of briefs	\$25.00
5 pair of socks	\$25.00
1 nylon duffel bag	\$29.00
1 leather toilet kit containing misc toiletries	\$29.00
3 bandanas	\$6.00
1 pair of long johns	\$20.00
1 pair of Danner work boots	\$149.00
1 pair of Tony Lama cowboy boots	\$149.00
1 pair of Chippewa wade boots	\$79.00
1 hat	\$7.95
1 set spur straps	\$12.95
TOTAL	\$1,040.90

The above list describes all personal property owned by me which was damaged or destroyed in the fire at Newberry Springs which occurred on 13 January 1987. Payment of the sum of One Thousand Forty and 90/100 (\$1,040.90) by check number 1725 drawn on the account of Author's Family Trust fully compensates me for my loss.

000315

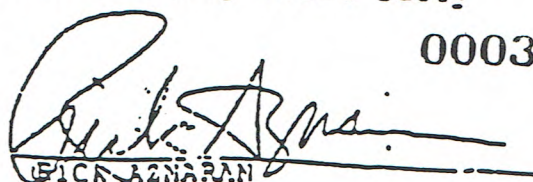

RICK AZNARAN

EXHIBIT D

000316

Date JULY 20, 1988

HONORABLE BARNET M. COOPERMAN JUDGE

HONORABLE BARNET M. COOPERMAN JUDGE

A.L. BRANCH

Deputy Sheriff

NONE

Deputy Clerk

Reporter

NONE

Court Attendant

(Pories and counsel checked & present)

CA 001012

Counsel for: LAWRENCE LEVY

MANFRED STANSFIELD, et al

Plaintiff BOWLES & MOXON

VS

Counsel for: LENSKE, LENSKE & HELLER

NORMAN STARKEY, et al

Defendant: WYMAN, BAUTZER, KUCHEL & SILBERT

NATURE OF PROCEEDINGS:

Demurrers to Fifth Amended Complaint are sustained, as to demurring defendants, without leave to amend.

The demurrers as to the First cause of action, seeking relief under RICO, (18 U.S.C. §1961, et seq.) are sustained under CCP 430.10(f). To the extent that plaintiffs seek relief pertaining to personal injury, loss of reputation, pain and suffering, or emotional distress, [see Complaint, paragraph 42] RICO provides no remedy. (See 18 U.S.C. §1964(c)); Johnsen v. Rogers, (1982) 551 F.Supp. 281).

No facts have been alleged by plaintiffs with respect to alleged laundering of monetary instruments by defendants, as a pattern of racketeering activity under 18 U.S.C. §1956. [See paragraph 37. of Complaint].

Plaintiffs have also failed to plead facts pertaining to any alleged violation on the part of the demurring defendants with respect to the Currency and Foreign Transactions Reporting Act (31 U.S.C. §5316(a). [Complaint, paragraph 39.]

Under 18 U.S.C. §1951(b)(2), "[t]he term 'extortion' means the obtaining of property from another, with his consent, induced by wrongful use of actual or threatened force, violence or fear, or under color of official right."

Although "extortion" is referred to in paragraph 35. of the Fifth Amended Complaint, and in subparagraph 35. (ii), (iii), (iv), (xii), (xiv), and (xvi), no facts are alleged therein which conform with the legal definition of the term "extortion", above quoted. For example, in paragraph 35. subparagraphs (ii) and (iii) it is alleged that plaintiffs Manfred and Valerie Stansfield, and Jerry and Hana Whitfield, respectively, had extortion practiced against them by defendants because said named plaintiffs refused, in 1986, to pay, in cash or in kind, for defendants' products and services. Plaintiffs allege that certain confessional information concerning Valerie Stansfield was communicated by one Dr. Lee to Valerie's mother, and concerning Jerry, was communicated by one Al Bei to Jerry's father. Lee and Bei are alleged to be agents of defendants.

103

000317

DEPT. 59

MINUTES ENTERED

7-20-88

COUNTY CLERK

CA 001012

Counsel for
Plaintiff

MANFRED STANSFIELD, et al

Counsel for
Defendant

VS

NORMAN STARKEY, et al

NATURE OF PROCEEDINGS.

However, there is no allegation that the communications by the alleged agents of defendants were the result of any threat or threats by anyone, or that property was obtained from the named plaintiffs in connection therewith. Further, the allegations in paragraph 35. (iv) that defendants declared in March, 1982 that plaintiff Fana Whitfield was a "Suppressive" person and that defendants declared in February, 1983 that plaintiff Franklin Freedman was a "Suppressive" person do not, in anywise, constitute extortion as hereinabove defined.

Paragraph 35. (xvi), in which plaintiffs allege that "[d]uring the period 1983 through 1984, defendant's agent, Don Larson extorted in excess of \$3,000,000.00 (Three Million Dollars) from plaintiff class members as a direct result of the extortionate racketeering activity perpetrated against said plaintiffs as hereinabove alleged" is devoid of facts sufficient to place defendants on reasonable notice of the charge being made by plaintiffs.

The allegations of paragraph 41. of the Fifth Amended Complaint, pertaining to alleged monetary losses suffered by the named plaintiffs and referring to labor performed by said plaintiffs for defendants, are incomprehensible as pleaded, and fail to place defendants upon reasonable notice as to the basis of the alleged claims.

000318

The demurrers as to plaintiffs' Second cause of action seeking relief for alleged breach of confidential relationship are sustained under CCP §430.10(e).

The gravamen of this cause of action is the alleged unauthorized disclosure by agents of defendants, to third persons, of confidential information regarding plaintiffs, secured by defendants in a confessional context, to accomplish wrongful purposes of defendants, including coercing plaintiffs into silence, forcing them to pay and support Churches of Scientology, and to comply "...with whatever defendants and their agents and employees demanded in a conscious disregard of plaintiffs' rights and safety...." (See Complaint, paragraph 35.)

COPIES ENTERED

CA 001012

Counsel for
Plaintiffs

MANFRED STANSFIELD

VS

Counsel for
Defendants

NORMAN STARKEY, et al

NATURE OF PROCEEDINGS

Plaintiffs were advised in the ruling of the court sustaining demurrers to the Fourth Amended Complaint, rendered on March 8, 1988, that the Complaint was uncertain "...as to the identity of the alleged agent or agents of defendants who allegedly wrongfully communicated plaintiffs' confidential information to third parties and as to the identity of the third parties to whom such alleged communications were made. The prior rulings of Judge Dowds have required such information to be pleaded with respect to the named plaintiffs...."

This Court also stated in its minute order of March 8, 1988, that "[c]ounsel for plaintiffs is admonished that this is the last opportunity that will be extended to amend the complaint in the manner required herein and in the prior orders rendered by Judge Dowds."

Notwithstanding the foregoing admonition, in paragraph 46. of the Fifth Amended Complaint, plaintiffs, although alleging disclosure by defendants of alleged intimate details of the personal lives of plaintiffs, Manfred and Valerie Stansfield and Jerry and Fana Whitfield, to members of the Church of Scientology, and to plaintiffs' relatives, families, friends and third parties, have failed to identify the alleged communicators of confidential information, and to identify the third parties who received such communication. This information, and particularly the identity of the recipients of the alleged wrongful communications, should be clearly known to plaintiffs.

000319

In paragraph 45. of the Fifth Amended Complaint plaintiffs allege, only in the most general terms, breach of confidences of plaintiffs by defendants' disclosure of confidential, confessional material, without any effort to plead facts, as required by the Court.

While it is true that in paragraph 35.(ii) and (iii), (part of plaintiffs' First cause of action), which is incorporated by reference in the Second cause of action, plaintiffs plead the names of Dr. Lee and Al Bei as alleged agents of defendants, who communicated information about Valerie Stansfield's to Valerie's mother, and about Jerry Whitfield to Jerry's father,

105

FILED

JULY 20, 1988

HONORABLE BARNET M. COOPERMAN JUDGE

A. L. BRANCH

Deputy Sheriff

NO. 2

Court Attendant

(Parties and counsel checked if present)

5C NONE

CA 001012

MANFRED STANSFIELD, et al

Counsel for Plaintiff

VS

Counsel for Defendant

NORMAN STARKEY, et al

NATURE OF PROCEEDINGS:

respectively, it does not appear that the alleged communications were of confidential information, in conformity with other allegations of the Second cause of action, but instead consisted of apparently false information concerning said plaintiffs.

In the Court's judgment, plaintiffs have not complied with the Court's admonition.

Although the Court has examined the Complaint in Aznaran, et al., v. Church of Scientology of Calif., Inc., et al., Case No. CV 88-1786-WDK; the opinion of the United States Tax Court (83 TC No 25) Church of Scientology of Calif. v. Commissioner of Internal Revenue; and Church of Scientology of Calif. v. Commissioner of Internal Revenue (1987) USCA [9th Cir.] 823 F.2d 1310, judicial notice is not taken with respect to such records, which were lodged by plaintiffs, in that they contain no facts relevant to the case at bench.

Copy of this minute order sent this date by U.S. Mail to counsel of record.

000320

106

MINUTES ENTERED

7-20-88

COUNTY OF

000321

EXHIBIT E

IN THE FLORIDA CIR COURT FOR THE
SEVENTEENTH JUDICIAL CIRCUIT
GENERAL CIVIL DIVISION

CATHI PENNEA and
GEORGE SNEILLENBERGER,

Plaintiffs,

-vs-

CHURCH OF SCIENTOLOGY INTERNATIONAL;
SCIENTOLOGY FLAG SERVICES
ORGANIZATION, a Florida
not-for-profit corporation; NORMAN
STARKEY, Administrator of the
Estate of L. Ron Hubbard;
THE ESTATE OF L. RON HUBBARD;
FRED HARE; BRIDGE PUBLICATIONS,
INC.; GOLDEN ERA PRODUCTIONS, INC.;
CHURCH OF SCIENTOLOGY OF FLORIDA,
INC.; DAVID MISCALICE; LYMAN
SPURLOCK; ANN BROEKER; PAT BROEKER;
SHERMAN LANSKE; VICKI AZNARAN;
HEBER JENTZSCH; KEN HODEN; TERKI
CAMBODIA and JOHN DOES 1 THROUGH 100
INCLUSIVE; SEA ORG and AUTHOR
SERVICES, INC. (ASI),

Defendants.

CASE NO. 88-30050

A TRUE COPY
ROBERT E. LOCKWOOD

COMPLAINT

COME NOW the Plaintiffs, CATHI PENNEA and GEORGE SNEILLENBERGER, by and through their undersigned counsel, and sue the Defendants, CHURCH OF SCIENTOLOGY INTERNATIONAL, SCIENTOLOGY FLAG SERVICES ORGANIZATION, a Florida not-for-profit corporation, NORMAN STARKEY, Administrator of the Estate of L. Ron Hubbard, THE ESTATE OF L. RON HUBBARD, FRED HARE, BRIDGE PUBLICATIONS, INC., GOLDEN ERA PRODUCTIONS, INC., CHURCH OF SCIENTOLOGY OF FLORIDA, INC., DAVID MISCALICE, LYMAN SPURLOCK, ANN BROEKER, PAT BROEKER, SHERMAN LANSKE, VICKI AZNARAN, HEBER JENTZSCH, KEN HODEN, TERKI CAMBODIA and JOHN DOES 1 THROUGH 100 INCLUSIVE, SEA ORG and AUTHOR SERVICES, INC. (ASI), and allege as follows:

GENERAL ALLEGATIONS

1. This is an action for compensatory and punitive damages in

- 1 -

107

151

000322

IN THE FLORIDA CIRCUIT COURT FOR THE
SEVENTEENTH JUDICIAL CIRCUIT
GENERAL CIVIL DIVISION

CATHI PENNEA and GEORGE
SNEILLENBERGER,

Plaintiff,

-vs-

CHURCH OF SCIENTOLOGY INTERNATIONAL,
et al.,

Defendants.

CASE NO. 88-30050 GZ
FLORIDA BAR #328480

RECEIVED

JAN 09 1989

JOHNSON & JOHNSON

* * *

NOTICE OF VOLUNTARY DISMISSAL
WITHOUT PREJUDICE

COMES NOW the Plaintiffs, CATHI PENNEA and GEORGE SNEILLENBERGER,
by and through its undersigned counsel, and files this its Notice of
Voluntary Dismissal Without Prejudice against the Defendants.

I HEREBY CERTIFY that a true and correct copy of the foregoing
Notice of Voluntary Dismissal Without Prejudice has been furnished by mail to
DAVID B. JOHNSON, ESQ., Johnson & Johnson, Attorneys for Defendant CHURCH OF
SCIENTOLOGY OF FLORIDA, INC., Post Office Box 3416, Tampa, Florida, 33601.
and to BURTON YOUNG, ESQ., Young, Stern & Tannenbaum, P. A., Post Office Box
30-550, North Miami Beach, Florida, 33160, this 5th day of January, 1989.

ABRAMS, ANTON, ROBBINS, RESNICK
AND SCHNEIDER, P. A.

Attorneys for
Post Office Box 229010
Hollywood, Florida 33022-9010
Telephone: (305) 921-5500

Miami, Florida

000324

VICKI AZNARAN - 6-21-88

1

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN AND
RICHARD N. AZNARAN

VERSUS

NO. CV 88-1786-WDK

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, INC.; CHURCH
OF SPIRITUAL TECHNOLOGY,
INC.; SCIENTOLOGY
MISSIONS INTERNATIONAL,
INC.; RELIGIOUS
TECHNOLOGY CENTER, INC.;
AUTHOR SERVICES, INC.;
CHURCH OF SCIENTOLOGY
INTERNATIONAL, INC.;
CHURCH OF SCIENTOLOGY
OF LOS ANGELES, INC.;
MISSION OFFICE WORLDWIDE;
AUTHOR FAMILY TRUST; THE
ESTATE OF L. RON HUBBARD,
DAVID MISCAVIGE, AND
NORMAN STARKEY

ORAL DEPOSITION OF

VICKI AZNARAN

On the 21st day of June, 1988, at
10:00 a.m., the oral deposition of the above-named
witness was taken at the instance of the Defendants
before Roger W. Miller, Certified Shorthand Reporter
in and for the State of Texas, at the offices of
Cohan, Simpson, Cowlshaw, Aranza & Wulff,
in the City of Dallas, County of Dallas, State of
Texas, pursuant to the agreement hereinafter set forth.

000326

109

A P P E A R A N C E S

Appearing for the Plaintiff

CUMMINS & WHITE
1600 Wilshire Boulevard
Los Angeles, CA 90017-1595
By: Mr. Barry Van Sickle

Appearing for Defendant Author Services

Mr. Michael Lee Hertzberg
275 Madison Avenue
New York, NY 10016

Appearing for Defendant Religious Technology

COOLEY, MANION, MOORE & JONES
Russia Wharf West
530 Atlantic Avenue
Boston, Massachusetts 02210
By: Mr. Earle Cocley

Also Present: Mr. Aron C. Mason

000327

1 A I have no problem with that.

2 Q -- to help us pin down these dates. Now,
3 you have not spoken to Mr. Yanny on anything
4 pertaining to your lawsuit since the end -- at least --
5 the latest, the end of the first week in March,
6 1988, is that your testimony?

7 A No. That's not my testimony.

8 Q All right. When did you last speak to
9 Mr. Yanny -- first, when did you last speak to Mr.
10 Yanny?

11 A Sunday night.

12 Q That is the 19th of June, 1988?

13 A Uh-huh.

14 Q And what was the subject matter of your
15 , discussion?

16 A He wanted me to give his phone number to
17 Joel Sappell and Rob Welkos.

18 Q He wanted -- you know Joel Sappell and
19 Robert Welkos to be reporters for the "Los Angeles
20 Times," do you not?

21 A Uh-huh.

22 Q And they are based out in LA, aren't
23 they?

24 A Uh-huh.

25 Q And Yanny was calling you here in Dallas?

1 A Uh-huh.

2 Q On this past Sunday?

3 A Uh-huh.

4 Q For you to get a hold of Sappell and
5 Welkos?

6 A Uh-huh.

7 Q And give Yanny -- give them Yanny's
8 telephone number?

9 A Uh-huh.

10 Q Is that his home phone he wanted given?

11 A I think it was his car phone.

12 Q His car phone?

13 A I think so.

14 Q Do you remember the number?

15 A No.

16 Q Did he give you the number?

17 A Uh-huh.

18 Q Did you write it down?

19 A I did at the time, yeah.

20 Q And did you call Sappell and Welkos of
21 the "LA Times" and give them that number?

22 A No, because they were with me at the
23 time.

24 Q They were here in Dallas?

25 A Uh-huh.

000329

112

VICKI AZHARAW - 6-21-88

- 1 Q Joel Sappell and Melkos on the 19th?
- 2 A Uh-huh.
- 3 Q Did they call Yanny in your presence?
- 4 A No.
- 5 Q Well, I'm sorry, I lost -- did you give
- 6 them the number or didn't you?
- 7 A Yeah.
- 8 Q Okay. So you don't know what they did
- 9 with it?
- 10 A They may have thrown it in the trash.
- 11 Q What is that?
- 12 A I said they may have thrown it in the
- 13 trash. I don't know.
- 14 Q But, anyway, they now have Yanny's car
- 15 phone?
- 16 A Right.
- 17 Q Did you give them any other numbers --
- 18 A No.
- 19 Q -- for Joe Yanny?
- 20 A Huh-uh.
- 21 Q Was there any other subject matter
- 22 discussed between you and Yanny in this telephone
- 23 conversation this past Sunday?
- 24 A No.
- 25 Q When, before Sunday, was the next last

1 time you talked to Mr. Yanny?

2 A I don't know. Probably in a couple of
3 weeks or --

4 Q All right. We start -- now, we know that
5 you talked to him on the 19th of June.

6 A Right.

7 Q And now we are backing up in time to see --
8 going from the most recent, backwards, to see if
9 that helps. You say that would take you back a
10 couple of weeks?

11 A Ten days, maybe. It was a matter of
12 several days, anyway.

13 Q It would be sometime, though, still in
14 June?

15 A Yes.

16 Q And where did the conversation take
17 place? Again, was it on the telephone?

18 A Uh-huh.

19 Q You were in Dallas?

20 A Uh-huh.

21 Q Yanny in California?

22 A I would assume, yeah.

23 Q And what was the -- what was that
24 conversation all about?

25 A Let me think.

1 MR. VAN SICKLE: We want to take a
2 little short break and get a cup of coffee.

3 MR. COOLEY: That's fine. Sure.

4 MR. HERTZBERG: Let her answer the
5 question first.

6 MR. COOLEY: That's all right.

7 (Recess.)

8 MR. COOLEY: May we have the last
9 question, please.

10 (Last question read.)

11 Q You know the conversation I am talking
12 about?

13 A The time before last?

14 Q That's right. The time immediately
15 preceding Father's Day, the Father's Day
16 conversation which I think you placed about a
17 couple of weeks?

18 A Yeah, give or take. I don't really remember.
19 It seems like it was about German shepherds and
20 dogs and that sort of thing. I don't
21 remember much of substance.

22 Q Tell us what was said, to the best of your
23 recollection.

24 A He was talking about his dog, trainers
25 for his dog. He got his dog from us.

VICKI AZNARAN - 6-21-88

1 Q His German shepherd?

2 A Uh-huh.

3 Q When did you -- what, did you sell him
4 a dog?

5 A No. He got his dog from us. I guess
6 she is about two years old now, so a couple of years
7 ago.

8 Q Sometimes in '86?

9 A Probably.

10 Q And he called you up to talk about the
11 dog?

12 A Yeah. And maybe other things. I don't --
13 I don't remember anything of substance.

14 Q Only thing that sticks out in your mind
15 is the dog conversation?

16 A Yeah.

17 Q Training matters, you think?

18 A A trainer or a breeder and Riverside.
19 There is a large breeder out there that trains
20 them, and we were talking about that.

21 Q All right. Now, going back to the Father's Da
22 conversation this past Sunday, who originated
23 that call?

24 A He did.

25 Q And did he call you at home?

000333

1 A Uh-huh.

2 Q Could I have that number once again?

3 A 824-7695.

4 Q That is 214 area code?

5 A Uh-huh.

6 Q About what time of day did that call
7 come in?

8 A About nine at night, I guess.

9 Q That would be eleven o'clock LA time?

10 A Seven o'clock LA time.

11 Q I'm sorry. I get a little mixed up. 7:00 p.m.
12 LA time?

13 A Yeah.

14 Q 9:00 p.m. Dallas time?

15 A Yeah.

16 Q And he called you for the purpose of
17 giving you his car phone to give to Sappell and Welkos?

18 A Yes.

19 Q Was he in his car when he called,
20 do you know?

21 A He didn't say, and I didn't ask.

22 Q Uh-huh. How did he know you were meeting
23 with Sappell and Welkos?

24 A I do not know.

25 Q When was the meeting with Sappell and

VICKI AZNARAN - 6-21-88

1 Welkos set up?

2 A Tuesday of last week, or Wednesday.

3 Q Tuesday or Wednesday of last week would be
4 June 16th or 17th? I'm sorry, I'm looking at the
5 wrong year. June 14th or 15th? Correct?

6 A Probably, yeah.

7 Q And how did it get set up?

8 MR. VAN SICKLE: Objection. Irrelevant.
9 You may answer. If you know.

10 A Richard called them, my husband, called
11 them on the phone and arranged it.

12 Q Uh-huh. And you don't have any idea
13 as to how Yanny knew that that meeting was going
14 on when he called to give you the number?

15 A I was quite surprised.

16 Q And how many times did you meet with
17 him? Just that one time? Father's Day meeting?

18 A Yes.

19 Q And how long did the meeting take?

20 A Ten or eleven hours.

21 Q Did you talk about your lawsuit with
22 him?

23 A No. I didn't want to get into that.

24 Q Did you --

25 A I told them that they could call Mr.

000335

VICKI AZNARAM - 6-21-88

1 of names, and I want to just go over them once again.

2 Do you know Rick Wynne?

3 A Yes.

4 Q When did you first meet Rick Wynne?

5 A March, this year.

6 Q Where?

7 A At Joe Yanny's house.

8 Q And peging your arrival on your testimony
9 sometime the 7th or 8th of March, how long thereafter
10 was it that you met Mr. Wynne to the first
11 time?

12 A Probably within a couple of days, three
13 days, maybe.

14 Q Would it be on the weekend?

15 A I think so.

16 Q Was Mr. Wynne there on the weekend?

17 A Yes. He came out there.

18 Q Did he stay overnight?

19 A No.

20 Q And so -- and how many days -- how many
21 times thereafter did you meet with Mr. Wynne or were you
22 in his presence?

23 A Maybe two or three.

24 Q From the time you first met him until
25 you went home on the 31st of March or the 1st

VICKI AZNARAN - 6-21-82

1 of April?

2 A Yes.

3 Q Did you meet with him two or three times?

4 A Yes.

5 Q Did you discuss your claims against the
6 Religious Technology Center, Church of Scientology,
7 or others with him?

8 A No.

9 Q Did you ever discuss your claims that
10 are set forth in this litigation with him?

11 A No.

12 Q At no time?

13 A My conversations with him were very -- "Hi,
14 how are you," short.

15 Q Okay. But just getting back to a specific
16 yes or no answer to the question, did you ever discuss
17 your case with Mr. Wynne?

18 A No.

19 Q Do you know Mary Grieco?

20 A Yes.

21 Q And who is Mary Grieco?

22 A She is an attorney in that law firm of
23 Herzig & Yanny.

24 Q And when did you meet her for the first
25 time?

000337r

120

VICKI AZNARAN - 6-21-88

1 A In March of 1988.

2 Q And pegging your arrival on the 7th or
3 8th at Yanny's house, how long after that
4 did you first meet Ms. Grieco?

5 A Two or three days, probably.

6 Q And would that also be on the weekend?

7 A Probably, because she came out to the
8 beach and was off work, kind of deal.

9 Q Uh-huh. And did you ever discuss any
10 aspect of your case with Mary Grieco?

11 A No.

12 Q Did you discuss any aspect of your
13 claims against RTC and others with Mary Grieco?

14 A No.

15 Q Did Mary Grieco or Rick Wynne
16 ever render any advice
17 to you in connection with your claims
18 against RTC and others?

19 A No.

20 Q Do you know Dorothy Peti?

21 A No. I don't know that name.

22 Q Did you ever meet a person by the name
23 of Dorothy Peti?

24 A I met a girl that I knew as Dorothy.
25 I didn't know her last name.

1 Q All right. You met a girl by the name
2 of Dorothy?

3 A Yes.

4 Q At Yanny's house?

5 A Yes. I believe it was at his house when
6 I met her.

7 Q And when?

8 A That would have been in March of '88.

9 Q With your arrival, to your memory, being
10 on the 7th or the 8th, how long after that did you meet
11 Dorothy for the first time?

12 A It probably would have been that weekend
13 following.

14 Q And did you know what her position was
15 in the Yanny firm?

16 A No.

17 Q Did you know whether she was a lawyer
18 or a secretary, or what?

19 A I knew she was not a lawyer.

20 Q Do you know Bent Corydon?

21 A Yes.

22 Q C-o-r-y-d-o-n. Bent, B-e-n-t.

23 And do you know that Bent
24 Corydon has litigation pending against the
25 Church of Scientology?

VICKI AZNARAN - 6-21-33

1 A Yes.

2 Q In Riverside California?

3 A Yes.

4 Q And for how long have you been aware
5 of the pendency of that litigation?

6 A I guess since it was filed, which I think
7 was '82 or '83, or something like that.

8 Q It was filed quite a long time
9 ago, wasn't it?

10 A Yes.

11 Q Even before you were Deputy Inspector General

12 A Yes.

13 Q -- correct? You are familiar with the fact
14 that the church sued him and that he filed
15 counterclaims, are you not?

16 A No. I didn't remember which way --

17 Q All right.

18 A -- who went first.

19 Q You don't know how the litigation went.

20 All you know is that he and the church are in
21 litigation?

22 A Yes.

23 Q All right.

24 A And that it had to do with this building.

25 Q And are you familiar with his organization

000340

VICKI AZNARAN - 6-21-88

1 known as SCIO, S-c-i-o, Logos, L-o-g-o-s?

2 A No.

3 Q You are not familiar with that at all?

4 A I have heard of it.

5 Q Corydon is a former Scientologist,
6 is he not?

7 A Yes.

8 Q You knew him when he was in the Church of Sci
9 did you not?

10 A Yes.

11 Q Did you see him at Yanny's
12 house in March?

13 A Yes.

14 Q On how many occasions?

15 A I believe two.

16 Q And when was the first time?

17 A Maybe around the 15th or 14th.

18 Q Was it that -- was it a weekend?

19 A I don't believe so.

20 Q How many times -- how long did he stay
21 on that first occasion?

22 A Several hours.

23 Q Did he ever stay overnight?

24 A Yes.

25 Q All right. Did he stay overnight on

000341

VICKI AZNARAN - 6-21-88

1 the first occasion?

2 A I don't think so.

3 Q When was the second time you saw him
4 at the Yanny house?

5 A Maybe a week later.

6 Q Weekend?

7 A I think the second time was a weekend.

8 Q Did he stay overnight?

9 A Yes.

10 Q Which night? Friday or
11 Saturday?

12 A I don't know.

13 Q Now, on the -- what was the -- what did
14 you understand the purpose of Mr. Corydon's
15 presence to be?

16 A I had called him and invited him over.

17 Q When you got to Yanny's
18 house on the 7th or 8th, at some
19 point thereafter, you called Corydon in
20 Riverside?

21 A Yes.

22 Q At his home?

23 A Yes.

24 Q How did you happen to have his home telephone
25 number?

000342

1 A I called Alan Walter and got
2 it.

3 Q Who is Alan Walter?

4 A He is a man who lives in Dallas.

5 Q Former Scientologist?

6 A Yes.

7 Q Former mission holder?

8 A Yes.

9 Q What mission did he hold?

10 A He held about six of them.

11 Q In Texas?

12 A No. Well, at one time in Texas, in the
13 Midwest, California.

14 Q Corydon was a former mission
15 holder in Riverside, was he not?

16 A Yes.

17 Q All right. You called Allen Walter's
18 and he gave you Corydon's number?

19 A Yes.

20 Q You called Walter's from Yanny's
21 house?

22 A Yes.

23 Q And when was that?

24 A The second week I was there,
25 sometime in that -- during that week.

VICKI AZHARAN - 6-21-88

1 Q Before or after you had met with Belli?

2 A Before, I believe.

3 Q And what was your purpose in calling

4 Corydon to ask him to come to Yanny's

5 house?

6 A I wanted to talk to him about his book.

7 Q About the book that he wrote concerning

8 L. Ron Hubbard?

9 A Yes.

10 Q And the book being "Messiah or Madman"?

11 A Yes.

12 Q You wanted to discuss that book with

13 him?

14 A Yes.

15 Q Had you read the book at that point?

16 A Most of it.

17 Q And now you wanted to talk to him about

18 it in some more detail?

19 A Yes.

20 Q And as a result of that call, he came

21 to Yanny's house?

22 A Yes.

23 Q Did you discuss with Mr. Corydon

24 your claim against RTC and others?

25 A No, only that I was seeking counsel.

000344

VICKI AZNARAM - 6-21-83

1 Q Did you discuss with Mr. Corydon
2 his claim and his litigation with the church?

3 A Not that I recall.

4 Q In your presence, was there any conversation
5 between Mr. Yanny and Mr. Corydon concerning
6 Mr. Corydon's litigation with the church?

7 A No.

8 Q Were you aware of any such conversation,
9 whether it took place in your presence or not?

10 A No.

11 Q Were you aware of any such conversation
12 involving Mr. Corydon and Lisa Wilske?

13 A No.

14 Q Or Mary Grieco?

15 A No.

16 Q Or any personnel from Mr. Yanny's
17 office?

18 A No.

19 Q Was there any discussion in your
20 presence involving Mr. Yanny and Lisa Wilske
21 concerning the role that Lisa Wilske had played
22 in researching the Rico case for the RTC,
23 CSI, and CSC?

000345

24 MR. VAN SICKLE: That's the Mayo case?
25 THE WITNESS: Yes.

VICKI AZNARAN - 6-21-88

1 MR. COOLEY: Yes.

2 A Could -- I didn't totally get
3 that.

4 Q All right. I will slow it down. Was
5 there, in your presence, any discussion
6 involving Mr. Yanny and Ms. Wilske and
7 Mr. Corydon concerning the role that Ms.
8 Wilske had played in researching the Rico
9 aspects of the Mayo suit?

10 A No.

11 Q Was there any discussion at all while
12 you were at Yanny's house concerning
13 Yanny's billing practices while he was
14 counsel for RTC?

15 A Not that I recall.

16 Q Now, you met with Corydon twice,
17 did you?

18 A I think so. I think it was two times.

19 Q Was there anything discussed besides
20 his book?

21 A Mostly his book. He said that his case
22 was going to trial soon, he could tell me that.

23 Q Was Yanny present during that conversation?

24 A I don't recall if he was or not.

25 Q Tell me all the conversations that you

VICKI AZNARAN - 6-21-88

1 can remember on both those visits that took place
2 between you and Mr. Corydon as
3 to subject matter. Would he know the book was discussed
4 on both occasions?

5 A Right.

6 Q Okay. What else?

7 A Social trivia, which, you know,
8 like one time he had his little boy
9 there, and we took him swimming and
10 things like that.

11 Q Uh-huh. So we have the book and
12 social trivia, and what else?

13 A His plans for another book.

14 Q All right. What else?

15 A Another book that has been written in
16 England.

17 Q The Miller book?

18 A I don't remember the
19 author's name, but it is a
20 biography.

21 Q "Bare-faced Messiah"?

22 A Yes.

23 Q Have you read that book?

24 A No.

25 Q What else?

000347

VICKI AZNARAN - 6-21-38

1 A He asked me if I had any knowledge
2 of anyone being sent to beat him up.

3 Q Did he ask you that on the first or the
4 second occasion?

5 A I think it was the first.

6 Q And did he tell you he was beaten
7 up?

8 A He told me that a fellow came out to
9 beat him up.

10 Q Didn't make it?

11 A I think --

12 Q Did he get beaten or didn't he?

13 A Not that I know of.

14 Q Okay.

15 A He didn't comment to me that he had been.

16 Q And what did you tell him? Did you tell
17 him you knew about somebody being sent to beat
18 him up or not?

19 A I told him that I knew about squirrels
20 being beaten up, not him specifically.

21 Q Did you tell him whether you knew anything
22 about somebody being sent to beat him up?

23 A Just what I just said, that I knew about
24 the category, generally.

25 Q That isn't my question. My question is:

000348

1 Did you tell him that you knew about anybody being
2 sent to beat Bent Corydon up?

3 A Well, I told him that there was a general
4 plan --

5 Q I'm not asking you about --

6 A -- for squirrels to be
7 beat up.

8 Q I asked you about Bent Corydon
9 specifically. Do you understand the question?

10 A Yes.

11 Q All right. Now, can you answer it specifically?
12 Do you know of anybody that was sent to beat up
13 Bent Corydon?

14 A I don't know about specific orders to
15 beat up Bent Corydon.

16 Q All right. Did you ever issue any orders
17 for anybody to beat up squirrels?

18 A No.

19 Q You had nothing to do with any such thing
20 as that?

21 A No, I wouldn't go that far. I did have
22 something to do with that.

23 Q All right. Now, you talked with
24 Bent Corydon on those two occasions,
25 you talked about his book, the book he was contemplating,

VICKI AZNARAN - 6-21-88

1 another one, his case coming on for trial soon,
2 social trivia, and whether you knew
3 anything about anybody being sent to beat him up.
4 What else?

5 A I don't recall anything else right now.

6 Q And how many hours were you in his presence
7 on those two occasions?

8 A Maybe five or six.

9 Q And you say that there was no discussion
10 about your case?

11 A Not that I recall.

12 Q Huh?

13 A Not that I recall.

14 Q You just don't recall any?

15 A I don't recall any.

16 Q And there were no discussions with Corydon
17 and Yanny; Corydon, Yanny, and Wilske;
18 Corydon, Yanny, Wilske, and
19 Grieco concerning your case?

20 A Not that I know of.

21 Q Did you tell Corydon that you were
22 going to go see Belli?

23 A I don't remember if I told him before or after
24 the fact.

25 Q Let's just see. You had -- whether --

000350

VICKI AZHARAN - 6-21-88

1 the first time you met with Corydon you
2 hadn't yet gone to see Belli, had you?

3 A I don't think so.

4 Q So that your testimony is that you went
5 to see Belli that first weekend that you were
6 at Yanny's house on a Friday, which would be
7 the 11th?

8 A I think that's pretty accurate.

9 Q And when you got back, was it that
10 weekend that you saw Corydon for
11 the first time or was it before that?

12 A I don't actually remember which it was.

13 Q If you went to see Belli on the 11th,
14 you would have had to see Corydon
15 on either the 7th, 8th, 9th, or 10th,
16 wouldn't you, Monday, Tuesday, Wednesday, and
17 Thursday?

18 A If I had seen him before.

19 Q I thought you testified that you --

20 A I don't honestly recall.

21 Q I got you. Do you honestly recall that you were
22 at Yanny's house during the week of the 7th?

23 A I think that's when I was there.

24 Q All right.

25 A I think that's when I first went.

VICKI J. AZNARAN - 6-21-88

1 Q Yes.

2 A Five years.

3 Q And at the time you left the church, you
4 had been a Sea Org member for how long?

5 A Nine years.

6 Q And what was your rank in the Sea
7 Organization at that time?

8 A It --

9 Q What was the highest rank you occupied in
10 the Sea Organization?

11 A Even sin.

12 Q And when did you obtain that rank?

13 A I guess in '84, maybe 38.

14 Q Is it fair to say that as the chief
15 executive officer of the Religious Technology
16 Center, that you were charged with the chief
17 operating authority of a corporation that had, as
18 its charge, the protection of the purity of the
19 technology of L. Ron Hubbard?

20 A Would you say that again?

21 Q That you were the head of a corporation
22 that had, as its responsibility, the protection of
23 the purity of the technology of L. Ron Hubbard?

24 A Yes. That's --

000352

25 Q And you had -- your corporation that you

135

VICKI J. AZNARAN - 6-21-88

1 ran had as its responsibility the protection of the
2 trademarks, "Scientology" and "Dianetics," correct?

3 A Yes.

4 Q And your corporation had as your
5 responsibility the responsibility of seeing to it
6 that standard technology developed by L. Ron Hubbard
7 was delivered in a standard manner, isn't that
8 correct?

9 A Well, I don't know if I would say it
10 exactly that way, but --

11 Q Well, you say it your way. You don't
12 have to adopt my language.

13 A I think it was to protect, like you said,
14 the trademarks of "Dianetics" and "Scientology."

15 Q The purity of the text is one thing you
16 have already agreed to as being one of the
17 functions, haven't you?

18 A Well, let me think about that.

19 Q I would point out that you have already
20 testified on that subject matter in the affirmative.
21 My question to you is: Did you or did you not,
22 as the chief executive officer of RTC, have the
23 responsibility of supervising, on a worldwide basis,
24 the standard delivery of standard L. Ron Hubbard
25 Scientology technology?

000353

VICKI J. AZHARAN - 6-21-88

1 A That would be impossible.

2 Q Was that the responsibility that was --
3 that fell to RTC and did RTC attempt to discharge
4 that responsibility?

5 A Like supervise every organization?

6 Q Oh, no, no, but to the extent that you
7 were able to do so to deal with any situation that
8 came to your attention where there was a
9 non-standard delivery of standard tech or a standard
10 delivery of non-standard tech?

11 A Was it RTC's responsibility to see to
12 that?

13 Q Yes.

14 A Or to try to see to that?

15 Q Yes.

16 A Yes, it was their responsibility to try
17 to --

18 Q And that was very heavy responsibility
19 within the -- with which you were charged, as head
20 of RTC, was it not?

21 A I considered it to be.

22 Q It was a very responsible position,
23 wasn't it?

000354

24 A I considered it to be, yes.

25 Q All right. Now, going down to line --

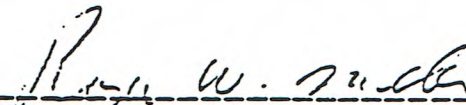
VICKI J. AZNARAN - 6-21-88

1 STATE OF TEXAS)
2 COUNTY OF DALLAS)

3 I, Roger W. Miller, Certified Shorthand
4 Reporter in and for the State of Texas, certify that
5 the foregoing deposition of VICKI J. AZNARAN was
6 reported stenographically by me at the time and place
7 indicated, said witness having been placed under oath
8 by me, and that the deposition is a true record of
9 the testimony given by the witness.

10 I further certify that I am neither counsel for
11 nor related to any party in this cause and am not
12 financially interested in its outcome.

13 Given under my hand and seal of office on this
14 the 21st day of June, 1988.

15
16
17 
18 Roger W. Miller, Certified
19 Shorthand Reporter No. 1357 in
20 and for the State of Texas
21 Stanley, Harris, Rice, Cogburn,
22 Stunkard, Miller & Associates, Inc.
23 3100 McKinnon, Suite 1000
24 Dallas, Texas 75201

25 My commission expires December 31, 1988.

000355

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN AND
RICHARD H. AZNARAN

VERSUS

NO. CV 88-1785-WDK

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, INC.; CHURCH
OF SPIRITUAL TECHNOLOGY,
INC.; SCIENTOLOGY
MISSIONS INTERNATIONAL,
INC.; RELIGIOUS
TECHNOLOGY CENTER, INC.;
AUTHOR SERVICES, INC.;
CHURCH OF SCIENTOLOGY
INTERNATIONAL, INC.;
CHURCH OF SCIENTOLOGY OF
LOS ANGELES, INC.;
MISSION OFFICE WORLDWIDE;
AUTHOR FAMILY TRUST; THE
ESTATE OF L. RON HUBBARD;
DAVID MISCAVIGE; AND
NORMAN STARKEY

ORAL DEPOSITION OF
VICKI J. AZNARAN

On the 22nd day of June, 1988, at
10:00 a.m., the oral deposition of the above-named
witness was taken at the instance of the Defendants
before Roger W. Miller, Certified Shorthand Reporter
in and for the State of Texas, at the offices of
Cohan, Simpson, Cowlshaw, Aranza & Wulff,
in the City of Dallas, County of Dallas, State of
Texas, pursuant the agreement hereinbefore set
forth.

000356

COPY

139

A P P E A R A N C E S

Appearing for the Plaintiffs

CUMMINS & WHITE
1600 Wilshire Blvd.
Los Angeles, CA 90017-1695

Appearing for Defendant Author
Services, Inc.

Mr. Michael Lee Hertzberg
275 Madison Avenue
New York, NY 10016

Appearing for Defendant
Religious Technology

COOLEY, MANION, MOORE & JONES
Russia Wharf West
530 Atlantic Avenue
Boston, Massachusetts 02210
By: Mr. Earle Cooley

Also present: Mr. Aron C. Mason
Mr. Mark Rathbun

000357

1 workweeks so as to avoid an obligation on the part
2 of the defendants from paying him overtime."

3 A Yes.

4 Q And you say that that allegation was
5 discussed with the IRS?

6 A They mentioned pay, or something along
7 that line.

8 Q Did the IRS raise the issue of pay?

9 A Pay at that ranch, yes.

10 Q And the issue of pay at the ranch was a
11 subject matter of your interview with the IRS, is
12 that it?

13 A Yes. As I recall.

14 Q All right. Would you tell us everything
15 that you told the IRS on that subject matter?

16 MR. VAN SICKLE: Objection and
17 instruct the witness not to answer pending
18 application for a protective order.

19 Q Are there any other allegations that were
20 the subject of your interview with the Internal
21 Revenue Service that we haven't already discussed?

22 A No, I don't think so.

23 Q Now, going back in time to January of
24 1988 when you first started thinking in terms of
25 crimes that you had committed, and the possibility of

000358

141

1 revealing those crimes to appropriate authorities,
2 did you, in that same period of time, also begin to
3 contemplate the filing of a lawsuit against the
4 church, RTC, Church of Scientology, and others?

5 A I believe so, yes.

6 Q When was the earliest time when you gave
7 consideration -- first started giving consideration
8 to that subject matter?

9 A I believe it would have been in January
10 of this year.

11 Q And were you thinking in terms of
12 basically the kinds of claims that you have
13 ultimately asserted in this complaint?

14 A Well, I don't think I was nearly as
15 detailed as that, but --

16 Q No, but in broad outline?

17 A I would say so.

18 Q And you were not thinking in those terms,
19 either, of confessing your crimes or of bringing a
20 lawsuit earlier than that?

21 A No, not that I recall.

22 Q Now, we know, from what you have told us,
23 at least, that it was the government course that
24 triggered the thoughts about your criminal activity.
25 What was it that triggered your thinking about the

000359

142

1 Miscavige issued orders, Marty Rathbun, Fran Harris,
2 Terry Gamboa. There were a couple of other people
3 that I don't remember their names right now.

4 Q Each corporation had its own directors
5 and/or trustees, didn't it?

6 A As far as I know.

7 Q Who picked them?

8 A I don't know who picked Author Services.
9 RTC's directors were picked by members of Author
10 Services. The trustees of RTC were Author Services
11 personnel, and they were -- RTC's, I believe, were
12 approved by Ann Broeker at one time. I don't know
13 if it went anywhere else or not.

14 Q Were you an officer - were you a director
15 or trustee of RTC?

16 A A director.

17 Q Who picked you?

18 A I would-assume Ann Broeker, but I'm not
19 sure.

20 Q Was she a trustee?

21 A I believe at that time she was.

22 Q Directors were picked by trustees, were
23 they?

24 A I would say some of the time, anyway.

25 Q The people that I have named at ASI were

000360.

143

1 all members of the Sea Organization, were they not?

2 A Yes.

3 Q As were you?

4 A That's correct.

5 Q They all held various ranks in the Sea
6 Organization?

7 A That's correct.

8 Q In fact, all of the -- well, positions --
9 the higher positions in the church and in the -- in
10 various entities were staffed by Sea Organization
11 members, were they not?

12 A Yes.

13 Q Sea Organization is an organization of
14 people who sign on for many lifetimes to serve the
15 Church of Scientology, isn't that a fair statement?

16 A Yes.

17 Q They sign, in fact, in recognition of the
18 concept of the transmigration of the human spirit
19 from -- into successive lives for one billion year
20 contracts, do they not?

21 A They sign billion-year contracts.

22 Q You signed a billion-year contract?

23 A That's right.

24 Q And that billion-year contract is a
25 contract by which in this and in all lives to come a

000361

144

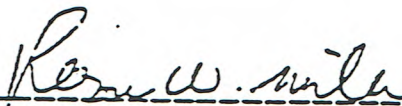
1 STATE OF TEXAS)

2 COUNTY OF DALLAS)

3 I, Roger W. Miller, Certified Shorthand
4 Reporter in and for the State of Texas, certify that
5 the foregoing deposition of VICKI J. AZNARAN was
6 reported stenographically by me at the time and place
7 indicated, said witness having been placed under oath
8 by me, and that the deposition is a true record of
9 the testimony given by the witness.

10 I further certify that I am neither counsel for
11 nor related to any party in this cause and am not
12 financially interested in its outcome.

13 Given under my hand and seal of office on this
14 the 22nd day of June, 1988.

15
16
17 
18 Roger W. Miller, Certified
19 Shorthand Reporter No. 1357 in
20 and for the State of Texas
21 Stanley, Harris, Rice, Cogburn,
22 Stunkard, Miller & Associates, Inc.
23 3100 McKinnon, Suite 1000
24 Dallas, Texas 75201

25 My commission expires December 31, 1988.

000362

145

UNITED STATE DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIAVICKI J. AZNARAN AND
RICHARD M. AZNARAN

VERSUS

NO. CV 88-1786-WDX

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, INC.; CHURCH
OF SPIRITUAL TECHNOLOGY,
INC.; SCIENTOLOGY
MISSIONS INTERNATIONAL,
INC.; RELIGIOUS
TECHNOLOGY CENTER, INC.;
AUTHOR SERVICES, INC.;
CHURCH OF SCIENTOLOGY
INTERNATIONAL, INC.;
CHURCH OF SCIENTOLOGY OF
LOS ANGELES, INC.;
MISSION OFFICE WORLDWIDE;
AUTHOR FAMILY TRUST; THE
ESTATE OF L. RON HUBBARD;
DAVID MISCAYLOE; AND
NORMAN STARKET

ORAL DEPOSITION OF

VICKI J. AZNARAN

On the 1st day of July, 1988, at
10:00 a.m., the oral deposition of the above-named
witness was taken at the instance of the Defendants
before Jennifer Q. Davenport, Certified Shorthand
Reporter in and for the State of Texas, at the
offices of Cohan, Simpson, Covillan, Aranza & Wulff,
in the City of Dallas, County of Dallas, State of Texas,
pursuant to the agreement heretofore set forth.

000363

A P P E A R A N C E S

CUMMINS & WETZ

By: Barry Van Sickle
1680 Wilshire Boulevard
Los Angeles, California 90017-1695

Appearing for the Plaintiffs

Michael Lee Hertzberg
275 Madison Avenue
New York, New York 10016

Appearing for Author Services

RABINOVITZ, BOODIN, STANDARD, KRINSKY, LIEBERMAN
By: Eric Lieberman
740 Broadway at Astor Place
New York, New York 10003-9518

Appearing for Church of Scientology International

COOLEY, MARION, MOORE & JONES
By: Marie Cooley
530 Atlantic Avenue
Boston, Massachusetts 02210

Appearing for Church of Spiritual Technology

Also present:
Aron Mason
Mark Mathews
Christopher Cooley

1 wanted you to identify them for the record. I am
2 now satisfied that they are identified and
3 authenticated.

4 You held some staff positions down here
5 in Texas before you joined the Sea Org, and then in
6 1978 you became a member of the Sea Org.

7 A Right.

8 Q Is it fair to say that the first
9 important position that you held in the Sea Org was
10 SO liaison assistant?

11 A Yes.

12 Q I would say that was a pretty important
13 post, wasn't it?

14 A I thought -- I don't know, you know, in
15 the scheme of things, how much decision making power
16 it had. You know, it was all right.

17 Q So was --

18 A It was an assistant. You go get things,
19 you Xerox, things like that.

20 Q Who appointed you to that post?

21 A Gene Liacardi.

22 Q Did you know Pat and Annie Brooker at
23 that time?

24 A No.

25 Q Would you say that it was somewhat

000365

148

1 Q Had satellite tie-ins in Boston and
2 elsewhere.

3 A Right.

4 Q You spoke that night on the urgency of
5 obtaining patrons and sponsors and lifetime members
6 of the IAS to be able to continue to achieve these
7 kind of results in the face of external threats?

8 A I don't remember exactly what I spoke on.

9 Q That would have been generally what your
10 goal would have been at that time?

11 A Yes.

12 Q Incidentally, you had just about at that
13 time made the position or been promoted to the
14 position of inspector general, hadn't you?

15 A When is this?

16 Q Around May of 1983, which is just about
17 the time we were taking that hit on Christofferson,
18 you became inspector general of the Religious
19 Technology Center, didn't you?

20 A That seems about right.

21 Q You remember that following that, we were
22 getting ready for the Wollersheim case?

23 A Yes.

24 Q And in the course of the Wollersheim
25 case, the Rice case was going and we had that

000366

1 the date of the agreement?

2 A Okay.

3 Q That's your signature and Rick's
4 signature, isn't it?

5 A Yes.

6 MR. COOLEY: May that be marked as
7 the next exhibit.

8 (Exhibit No. 110 marked.)

9 Q That loan agreement that gave you a loan
10 of 20,000 for 10 years with interest at a 5 percent
11 rate on an annual basis, how did that come about?

12 A I think that Ray brought it up, and asked
13 mentioned to Richard and I did we need money or how
14 much money did we have or something like that.

15 Q Didn't Dave Miscavige ask you that?

16 A At some point he discussed it with us,
17 too.

18 Q Did he ask you how much money you had and
19 when you told him you didn't have any, didn't he
20 originate that you needed some money to get yourself
21 started?

22 A I sort of had it in my mind that Ray was
23 the first one that brought it up, but it may have
24 been David Miscavige. 000367

25 Q That money was intended to help you as

1 you left the Sea Organization get started up and to
2 tied you over until you could get engaged in some
3 new income producing activity. Is that a fair
4 statement?

5 A I think that's partially correct.

6 Q You knew that 5 percent was a pretty
7 modest interest rate according to the going rates at
8 that time, didn't you?

9 A I don't remember if I thought about it or
10 if I knew what the going interest rates were.

11 Q In any event, whatever they were, you
12 knew you didn't have to pay back any principal until
13 you had a chance to get going for a 10-year period?

14 A Right.

15 Q And in addition, Church of Scientology
16 International bought your horse from you for \$1500;
17 right?

18 A Right.

19 Q You had only paid 1200 for that horse or
20 Rick had?

21 A Right, but he had put money into the
22 horse so that's how they arrived at the conclusion
23 that 1500 was fair.

24 Q This check dated April 8, 1987, is the
25 payment for that horse, is it not?

000368

1 A Not all of it.

2 Q Did you read any of it?

3 A Some of it.

4 Q Do you recognize --

5 A It seems what I remember was shorter but
6 that may not be right.

7 Q That is your signature, though?

8 A Yes, it is.

9 Q Let me see that for a moment if you will.

10 One of the things that is in this release in
11 paragraph 2 is an agreement by the church to
12 indemnify you, Vicki Aznaran, against any damages
13 stemming from lawsuits which exist now or are
14 brought against you in the future arising out of
15 your association with the Church of Scientology or
16 any post that you held in the church, and it's also
17 under -- stated here it's understood it's part of
18 this agreement that the church will provide free
19 legal counsel to Vicki Aznaran providing she
20 cooperates fully with the church and the church
21 attorneys and she contacts the church immediately
22 when she becomes aware of any potential or real
23 legal threat to herself and/or the church.

24 That was a matter of some importance to
25 you to have that protection, wasn't it?

000369

1 A It seems like I discussed that.

2 Q As a matter of fact, you knew that you
3 had been named as a defendant in the PAIR suit?

4 A Yes.

5 Q But that you hadn't been served yet and
6 if you were served, you certainly wanted to be
7 defended and didn't want to be exposed to any
8 liability?

9 A That's right.

10 MR. COOLEY: May this be marked as an
11 exhibit, please.

12 (Exhibit No. 113 marked.)

13 Q I show you a letter from Marty Rathbun to
14 you and Rick dated September 10, 1987, with respect
15 to your freeloader debt. Do you remember receiving
16 that letter?

17 A Yes.

18 Q May I see it for just a moment? Do you
19 see on the enclosure on the heading of Religious
20 Technology Center, there's a computation first of
21 Rick's freeloader debt and then of your freeloader
22 debt on the second page of the schedule? Do you see
23 that? It says Rick on the second page and you?

24 A Yes.

25 Q And at the bottom of the page what is

1 A Yeah, I really don't know. Like I said,
2 I can't reconcile the two. I don't know -- because
3 I don't specifically remember these figures or not,
4 you know.

5 MR. VAN SICKLE: Do you want to mark
6 this?

7 MR. COOLEY: Yes, I want to mark
8 that.

9 Q You do remember receiving that?

10 A I do remember receiving it.

11 MR. COOLEY: May that be marked as
12 the next exhibit.

13 (Exhibit No. 116 marked.)

14 Q You were not forced or coerced into
15 accepting that \$20,000 loan, were you?

16 A No, I wasn't forced to accept that.

17 Q You were grateful to have it, weren't
18 you?

19 A Yes.

20 Q You needed it?

21 A That's right.

22 Q It did in fact help you get started and
23 help Rick get started in his investigating business,
24 didn't it?

25 A That's right.

000371

1 Q As a matter of fact, one of the other
2 things that helped Rick get started in his
3 investigating business was a statement prepared by
4 John Peterson verifying Rick's activities as an
5 investigator that were -- that was a required piece
6 of evidence for submission to the licensing
7 authorities here in Texas?

8 A That's right.

9 Q And Gene Ingram also submitted such a
10 thing, didn't he?

11 A I don't recall. He may well have.

12 Q In any event, counsel for the church did
13 what they could to help Rick have the necessary
14 credentials to get licensed here in Texas as a
15 private investigator?

16 A That's right.

17 Q Have you made any interest payments on
18 the loan, you or Rick?

19 A No.

20 Q The first interest payment came due in
21 January, did it, of 1988?

22 A Whatever it said on there. I don't
23 remember if it was December or January.

24 Q Whatever the loan shows?

000372

25 A Right.


1 STATE OF TEXAS)

2 COUNTY OF DALLAS)

3 I, Jennifer Q. Davenport, Certified Shorthand
4 Reporter, in and for the State of Texas, certify that
5 the foregoing deposition of VICKI J. AZNARAM was
6 reported stenographically by me at the time and place
7 indicated, said witness having been placed under oath
8 by me, and that the deposition is a true record of
9 the testimony given by the witness.

10 I further certify that I am neither counsel for
11 nor related to any party in this cause and am not
12 financially interested in its outcome.

13 Given under my hand and seal of office on this
14 the 1st day of July, 1988.

15
16
17 
18 Jennifer Q. Davenport, Certified
19 Shorthand Reporter No. 1683 in
20 and for the State of Texas
21 Stanley, Harris, Rice, Cogburn,
22 Stunkard, Miller & Associates
23 3100 McKinnon Street, Suite 1000
24 (214) 720-4367
25 Dallas, Texas 75201
My certification expires 12-31-88.

000373

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN AND
RICHARD N. AZNARAN

VERSUS

NO. CV 88-1786-WDK

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, INC.; CHURCH
OF SPIRITUAL TECHNOLOGY,
INC.; SCIENTOLOGY
MISSIONS INTERNATIONAL,
INC.; RELIGIOUS TECHNOLOGY
CENTER, INC.; AUTHOR
SERVICES, INC.; CHURCH
OF SCIENTOLOGY
INTERNATIONAL, INC.;
CHURCH OF SCIENTOLOGY OF
LOS ANGELES, INC.;
MISSION OFFICE WORLDWIDE;
AUTHOR FAMILY TRUST; THE
ESTATE OF L. RON HUBBARD;
DAVID MISCAVIGE; AND
NORMAN STARKEY

ORAL DEPOSITION OF
VICKI J. AZNARAN

On the 7th day of July, 1988, at
10:00 a.m., the oral deposition of the above-named
witness was taken at the instance of the Defendants
before Roger W. Miller, Certified Shorthand Reporter
in and for the State of Texas, at the offices of
Cohan, Simpson, Cowlshaw, Aranza & Wulff, 000374
in the City of Dallas, County of Dallas, State of
Texas, pursuant to the agreement hereinbefore set forth.

A P P E A R A N C E S

Appearing for the Plaintiffs

CUMMINS & WHITE
1600 Wilshire Boulevard
Los Angeles, CA 90017-1695
By: Mr. Barry Van Sickle

Appearing for Author Services

Mr. Michael Lee Hertzberg
275 Madison Avenue
New York, NY 10016

Appearing for Church of
Scientology International

RABINOWITZ, BOUDIN, STANDARD,
KRINSKY, LIEBERMAN
740 Broadway at Astor Place
New York, NY 10003-9518
By: Mr. Eric Lieberman

Also present: Mr. Aron Mason
Mr. Warren McShane

000375

158

1 A I don't know. April, maybe.

2 Q Uh-huh.

3 A Of this year.

4 Q But when you actually left the church in
5 April of 1987, you, in fact, were given a \$20,000
6 loan, weren't you?

7 A Yes.

8 Q And you or Richard were, either at that
9 time or subsequently, given letters of
10 recommendation to then help you find jobs, weren't
11 you?

12 A Richard was. I wasn't.

13 Q These weren't bad consequences, were
14 they?

15 A No.

16 Q They were good consequences, weren't
17 they?

18 A Yeah. You could say so. I would say so.

19 Q Now, are there any other factors that go
20 into brainwashing?

21 A Not that I can think of right now.

22 Q Were you ever tortured, physically
23 tortured?

24 A No.

25 Q Were you ever physically beaten?

000376

1 Q Did anyone coerce you into affiliating
2 with the defendants?

3 A Only as I have already described in our
4 lengthy discussion on brainwashing.

5 Q Okay. So to the extent you used the term
6 "involuntary" here, it refers to the brainwashing
7 allegations, is that correct?

8 A I think so, yeah.

9 Q Paragraph 14, look at lines 22 through
10 24. It says, "This plan," referring to fair game --

11 A Uh-huh.

12 Q -- "includes the destruction of a
13 person's business, reputation, and/or framing of
14 false charges of criminal acts." Do you see that?

15 A Uh-huh.

16 Q Have any of the defendants ever framed
17 you with false charges of criminal acts?

18 A No. Not that I know of.

19 Q With respect to your business, haven't
20 the defendants provided you with a \$20,000 loan to
21 get the business underway?

22 A That's right.

23 Q In terms of your business and reputation
24 or of your husband's, didn't the defendants help
25 your husband get his license by writing letters in

000377

1 his behalf?

2 A That's right. Well, their attorney did.

3 Q All right.

4 A I don't believe the defendants,
5 themselves, wrote letters.

6 Q All right. At the request of the
7 defendants?

8 A That's right.

9 MR. VAN SICKLE: Perhaps you should
10 be reminded or advised, if you don't know, that
11 under the local rules in California, the Complaint,
12 in any event, is completely superseded by the
13 pretrial pleadings, so you are spending a lot of
14 time on a document that will not even be an
15 operative document at the time of trial.

16 MR. LIEBERMAN: But at the moment, it
17 is the only operative document I have to go on.

18 MR. VAN SICKLE: That has nothing to
19 do with this line of questioning.

20 Q Paragraph 17 refers to Richard being
21 assigned to the RPF in 1982. Isn't it true that
22 Richard's assignment was changed from Flag to Los
23 Angeles so that you would be able to see him?

24 A Not that I recall.

25 Q You don't recall a discussion with

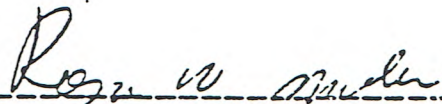
1 STATE OF TEXAS)

2 COUNTY OF DALLAS)

3 I, Roger W. Miller, Certified Shorthand
4 Reporter in and for the State of Texas, certify that
5 the foregoing deposition of VICKI J. AZNARAN was
6 reported stenographically by me at the time and place
7 indicated, said witness having been placed under oath
8 by me, and that the deposition is a true record of
9 the testimony given by the witness.

10 I further certify that I am neither counsel for
11 nor related to any party in this cause and am not
12 financially interested in its outcome.

13 Given under my hand and seal of office on this
14 the 7th day of July, 1988.

15
16
17 
18 Roger W. Miller, Certified
19 Shorthand Reporter No. 328 in
20 and for the State of Texas
21 Stanley, Harris, Rice, Cogburn,
22 Stunkard, Miller & Associates, Inc.
23 3100 McKinnon Suite 1000
24 Dallas, Texas 75201
25

23 My commission expires December 31, 1988.

EXHIBIT H

000380

1 DECLARATION OF LAWRENCE E. HELLER

2 I, LAWRENCE E. HELLER, hereby declare and state:

3 1. I am over 18 years of age and a resident of the State
4 of California. I am an attorney, admitted to practice law in
5 the state of California. I have personal knowledge of the facts
6 set forth herein and, if called as a witness, I could and would
7 competently testify thereto.

8 2. Between approximately 1984 and 1987, I met with Vicki
9 Aznaran on a number of occasions in my capacity as counsel for
10 various Churches of Scientology.

11 3. In early April of 1987, attorney John Peterson and I
12 were contacted by Mark Rathbun and asked if we could drive to
13 Hemet, California to meet with Vicki and Richard Aznaran. I was
14 informed that the Aznarans were leaving Church staff and were
15 further being provided a loan of \$20,000.00 to assist in their
16 transition to other endeavors. Mr. Rathbun wanted Mr. Peterson
17 and I to be present in the event that the Aznarans had any
18 questions regarding the releases and loan agreement they were
19 signing. Mr. Peterson and I were chosen because the Aznarans
20 knew us both personally and professionally. While the Aznarans
21 were wrapping up their affairs, they stayed in a hotel in Hemet,
22 California. Mr. Peterson and I drove to Hemet together in his
23 car and we met with both Richard and Vicki Aznaran at their
24 hotel.

25 4. On or about April 9, 1987, Mr. Peterson and I spent
26 about about 1 1/2 hours with the Aznarans in their hotel room in
27 Hemet. During that period of time the Aznarans were completely
28

000381 163

1 at ease and the atmosphere was extremely casual. Most of the
2 discussion was social, touching upon what the Aznarans were
3 planning to do when they arrived in Dallas where they stated
4 they intended to live. They were talking to us while they were
5 packing their belongings prior to their departure. They
6 initiated a number of questions concerning a lawsuit then
7 pending in the Los Angeles Superior Court entitled Stansfield,
8 et al. v. Starkey, et al. (also known as the F.A.I.R. case
9 and which was later dismissed on demurrer), wherein Mrs.
10 Aznaran and a number of other Churches of Scientology,
11 individuals and others were named as defendants. The Aznarans'
12 major concern was whether the Church would provide Mrs. Aznaran
13 with a defense free of charge were she ever to be served in that
14 suit. Mr. Peterson and I provided them with telephone numbers
15 to contact us, day or evening, if in fact Mrs. Aznaran was
16 served, and assured the Aznarans that we would arrange for the
17 defense of that suit on Mrs. Aznaran's behalf. Vicki and
18 Richard Aznaran had no other questions regarding the release or
19 loan documents that they signed after reading them.

20 5. The other topic of discussion was directed to Mr.
21 Peterson, now deceased, respecting the writing of letters of
22 reference for Richard Aznaran whom Mr. Peterson had worked with
23 for a number of years. Mr. Peterson assured them that he would
24 provide such reference letters because the Church wanted to help
25 them as much as they could to establish themselves in non-Church
26 life.

27 6. We thereafter exchanged pleasant goodbyes and left. At
28

1 no time during that one and one half hours or so did either of
2 the Aznarans express any trepidation or hesitation in signing
3 the loan documents or release. As stated, their only concern or
4 topic of inquiry was providing Vicki Aznaran a defense if she
5 was sued.

6 I declare under the penalties of perjury under the laws of
7 the United States of America that the foregoing is true and
8 correct.

9 Executed this 12th day of December, 1988, at Los Angeles,
10 California.

11 
12 Lawrence E. Heller

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27 000383

28 165

EXHIBIT I

000384

RICHARD N. AZNARAN

- 7-14-88

VOLUME 1

1

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN AND
RICHARD N. AZNARAN

VERSUS

NO. CV 88-1786-WDK

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, INC.; CHURCH
OF SPIRITUAL TECHNOLOGY,
INC.; SCIENTOLOGY
MISSIONS INTERNATIONAL,
INC.; RELIGIOUS TECHNOLOGY
CENTER, INC.; AUTHOR
SERVICES, INC.; CHURCH
OF SCIENTOLOGY
INTERNATIONAL, INC.;
CHURCH OF SCIENTOLOGY OF
LOS ANGELES, INC.;
MISSION OFFICE WORLDWIDE;
AUTHOR FAMILY TRUST; THE
ESTATE OF L. RON HUBBARD;
DAVID MISCAVIGE; AND
NORMAN STARKEY

ORAL DEPOSITION OF

RICHARD N. AZNARAN

VOLUME 1

On the 14th day of July, 1988, at
10:00 a.m., the oral deposition of the above-named
witness was taken at the instance of the Defendants
before Roger W. Miller, Certified Shorthand Reporter
in and for the State of Texas, at the offices of
Stanley, Harris, Rice, 3100 McKinnon, Suite 1000
in the City of Dallas, County of Dallas, State of
Texas, pursuant to the agreement hereinafter set forth.

000385

RICHARD N. AZNARAN

- 7-14-88

VOLUME 1

2

A P P E A R A N C E S

Appearing for the Plaintiffs

CUMMINS & WHITE

1600 Wilshire Boulevard

Los Angeles, CA 90017-1695

By: Mr. Barry Van Sickle

Appearing for Author Services

Mr. Michael Lee Hertzberg

275 Madison Avenue

New York, NY 10016

Appearing for Church of
Scientology InternationalRABINOWITZ, BOUDIN, STANDARD,
KRINSKY, LIEBERMAN

740 Broadway at Astor Place

New York, NY 10003-9518

By: Mr. Eric Lieberman

Also present:

Mr. Matt Ward

Mr. Warren McShane

000386

1 Q When did you first contemplate bringing
2 the lawsuit?

3 A When did I first --

4 Q Yeah, that resulted in the action that we
5 are here on today.

6 A Well, again, we are talking about an
7 evolutionary type of thing. After Vicki and I left
8 the church, Vicki was able to tell me things that
9 she hadn't been able to tell me before that I hadn't
10 been aware of before, and this caused me to become
11 upset. And there would be times when I would feel --
12 maybe "feel" is the wrong word -- when I would think
13 about bringing a lawsuit. But then I would put it
14 off in my mind. As an example, when I first left
15 the Church of Scientology, I still believed in what
16 Hubbard had said about -- I mean, auditing and, you
17 know, Hubbard's technology and so forth. And over
18 the years in the Church of Scientology, on a sort of
19 escalating level, I learned to put -- sacrifice my
20 own feelings and beliefs, and what have you, so that
21 I could sort of maintain a status quo, I guess. And
22 even afterwards, after I left, I would have these
23 thoughts, but then I would think, "Well, it was more
24 or less what you had to put up with."

25 Q So there came a point where, after you

000387

168

1 left, you decided what you had to put up with in the
2 Church of Scientology wasn't worth what other --
3 what benefits there might be, and it outweighed
4 those benefits?

5 A There came a point where I realized I
6 didn't have to put up with it anymore, yes,
7 absolutely.

8 Q And that's when you began to contemplate
9 bringing a lawsuit?

10 A Yeah. I can't really -- I mean, maybe
11 yours do, but my thought processes don't work so --
12 like little formulas, you know. But, yeah, it was
13 around that time.

14 Q Can you pinpoint what month that might
15 have been?

16 A That I --

17 Q That you sort of made that --

18 A Decided I'm not going to take this
19 anymore?

20 Q That's right.

21 A Okay. Oh, boy. You guys have been
22 talking about this a lot more than I have. Do you
23 by any chance remember when Marty and Ray came out
24 to our place?

25 Q If we can go off the record a moment, we

000388

169

1 are going to tell you exactly when that happened.

2 A Sure.

3 (Off the record discussion.)

4 (Recess.)

5 (Last question read.)

6 MR. HERTZBERG: Let's go back on the
7 record.

8 A Okay.

9 Q By "Marty and Ray," I take it that you
10 meant Marty Rathbun and Ray Mithoff, correct?

11 A Mithoff?

12 Q Right.

13 A Yes.

14 Q I believe that it was in February of 1988
15 that you were visited by Marty Rathbun and Ray
16 Mithoff.

17 A Okay. And so I believe the question was
18 when did I decide I wasn't going to take it anymore?
19 It would be around that time.

20 Q All right. And you connect that feeling
21 with the visit of Marty Rathbun and Ray Mithoff?

22 A Well, in my best estimates, to give you
23 an actual time that, you know, finally the last
24 point, I mean, I don't want you to get the idea that
25 it all hinged on that visit, or anything.

000389

1 Q No.

2 A Okay.

3 Q What is it about that visit that made you
4 feel you "didn't want to take it anymore" and that
5 you were going to bring a lawsuit?

6 A No. I believe the question was I wasn't
7 going to take it anymore.

8 Q All right.

9 A Okay. I suppose just their attitude.

10 Q What was their attitude?

11 A Well, it's the whole church attitude of
12 if you are in the church, as a staff member, you
13 know, you are to do what you are told, no matter
14 what. I mean, it's more or less -- I mean, I don't
15 want -- if you want to come back to it fine, but it
16 is more or less if you are told to jump, you don't
17 come down until you get permission. Know what I
18 mean,? And I just wasn't in a, quote, step and
19 fetch-it sort of mode anymore, I guess.

20 Q Well, can you elaborate? What is it that
21 Marty Rathbun and Ray Mithoff's visit to you -- what
22 specifically resulted in your deciding you weren't
23 going to "take it anymore"?

24 A Well, the whole thing goes around --
25 actually starts before they arrived, okay, this

1 whole little scenario, okay? I guess it would star
2 with a phone call from Earle Cooley.

3 Q And when was that phone call from Earle
4 Cooley?

5 A Again, you guys are a lot more familiar
6 with all this. I'm sure you have it somewhere.

7 Q Well, why don't you approximate it?

8 A Well, I would say that it was within the
9 month prior to that, to their visit.

10 Q Within a month prior to the visit of
11 Rathbun and Mithoff?

12 A Yeah.

13 Q All right. And was this a call that you
14 received from Earle Cooley?

15 A Yes, it was.

16 Q And who is Earle Cooley?

17 A Earl Cooley is a church attorney.

18 Q All right. And what was -- what happened
19 during this phone call?

20 A I might add -- elaborate on that a little
21 bit, in that Earle Cooley is not just a church
22 attorney, but at least at the time that I left Earle
23 Cooley is like the big gun, okay? I mean, he is not
24 just a -- he is like -- you know, he is like top
25 dog.

1 Q Top attorney?

2 A You got it. You know, like, yeah.

3 Q All right. Now, the top attorney called
4 you, and what happened during that telephone call?

5 A Well, first of all, let me say that it is
6 a little unusual that the church's top attorney, you
7 know, would not have -- I mean, would be put on my
8 case. You know what I'm saying? I mean, I'm out
9 here in Dallas minding my own business, and suddenly
10 the church's top attorney calls. That, in itself,
11 is a bit threatening. Now, the gist of the
12 conversation was even more so, in that Mr. Cooley --
13 he had wanted to call -- he wanted to talk to Vicki.
14 Vicki was there, but I told Cooley he wasn't -- she
15 wasn't. And Cooley made it clear that if -- that
16 Vicki better -- there were several -- okay. We even
17 got to back up more. I'm sorry. Okay? But you
18 have got to bring this whole thing with Yanny and
19 his \$150,000 nonrefundable retainer, okay? That --
20 that's what he called about.

21 Q All right.

22 A So he -- I mean, it's hard for me --
23 every time I get into that, we have got to bring in.
24 a little more here.

25 Q You better bring it all in.

1 A Okay.

2 Q So start at the beginning on the sequence
3 of events which culminated in you deciding you
4 weren't going to take it anymore.

5 A Well, let's narrow it down even a little
6 more. Let's just narrow it down with the Earle
7 Cooley/Marty Rathbun/Ray Mithoff, that whole little
8 package, and then we can spread out from there if
9 the need should arise, because I -- okay?

10 Q At this point, you are confusing me, but --

11 A Well, it's -- I can certainly see why.

12 Q Why don't you tell me, in an orderly
13 fashion --

14 A Okay.

15 Q -- what sequence of events evolved that
16 you are referring to very generally right now that
17 culminated in your conclusion that you weren't going
18 to "take it anymore."

19 A Okay. Right. That is definitely the
20 quote.

21 It would actually begin with the fact Joe
22 Yanny had called, okay? And I -- again, I'm real
23 rough -- bad on dates and times and all that kind of
24 thing, but I believe that was in January. I could
25 be wrong.

1 Q About your contemplating bringing a
2 lawsuit against the church.

3 A I already told you about telling him he
4 ought to sue.

5 Q You told us that already. I want your
6 recollection of what else you told Joe Yanny about
7 your wanting to bring a lawsuit against the church.

8 A I think I discussed with him the fact
9 that I wanted to do it out there -- "out there"
10 meaning Los Angeles. I asked him -- I asked him
11 questions about -- just general questions about the
12 legal system, you know, I mean, -- just things that
13 I didn't know, like, "Is that something would I sue
14 them in state court, or would I sue them in federal
15 court? I mean, how does that work, since we are in
16 two different states," and, you know, that kind of
17 stuff.

18 Q Did he answer that question?

19 A Yeah.

20 Q What did he tell you?

21 A I don't remember.

22 Q Did you tell him why you wanted to sue in
23 Los Angeles?

24 A Did I tell him why I wanted to sue in Los
25 Angeles? Well, that was one of the things -- let's

000394

175

1 A During that first initial meeting, yes.

2 Q And did you arrange a further meeting?

3 A That night? No.

4 Q At any time.

5 A Yes.

6 Q And that was several days later?

7 A That we had it?

8 Q Yes.

9 A Yes.

10 Q And where did that meeting take place?

11 A At the Newport Beach office of Cummins &
12 White.

13 Q And who was present at that meeting?

14 A Vicki, I, Barry, Joe, Barry Van Sickle,
15 Joe Yanny.

16 Q Karen McRae?

17 A I don't think so. I think she had gone
18 home.

19 Q And what time did that meeting start?

20 A Morning.

21 Q And what time did that meeting end?

22 A Afternoon.

23 Q All right.

24 A I don't know. It lasted -- lasted a long
25 time.

000395

1 Q Approximately when in the afternoon?

2 A Oh, man, this is rough, okay?

3 Q Okay.

4 A But I would say it probably started
5 around 10:00 and probably went until 4:00 or 5:00 or
6 something.

7 Q Did you leave with Joe Yanny?

8 A Yeah.

9 Q He was at the meeting?

10 A I'm sorry?

11 Q Joe Yanny was present at this meeting?

12 A Through a great deal of it, yeah. It was
13 one of another one of those things Joe was doing his
14 own thing and doing a bunch of paperwork way down at
15 the end of the conference table.

16 Q Do you know what he was working on?

17 A I don't know for sure. I think he
18 brought some kind of billings that he was, like,
19 pulling his hair about at the time. He had to get
20 done.

21 Q When you left the meeting, did anyone
22 from Cummins & White leave the meeting with you?

23 A As, like, leave the building?

24 Q Yes.

25 A And walk outside?

000396

177

1 Complaint as your wife did and mark with an "X"
2 those things --

3 A Okay. Are we taking a break while I do
4 this?

5 Q Yes.

6 (Recess.)

7 MR. HERTZBERG: Back on the record.

8 Q Mr. Aznaran, have you concluded marking
9 Exhibit No. 132 for inaccuracy that you perceived in
10 the Complaint that was filed in this case?

11 A Yes, sir, I am.

12 Q Subsequent to the filing of the Complaint
13 in this action, did you have further telephone
14 conversations with Joseph Yanny?

15 A This is really stupid. That means
16 afterwards, right?

17 Q Yes.

18 A Okay. Went blank there for a second.
19 Okay. Yes.

20 Q And we are talking now about April and
21 May of 1988 and into June?

22 A June.

23 Q And into July?

24 A July.

25 Q Okay. Approximately how many telephone

000397

178

1 calls have you had with Joseph Yanny after your
2 Complaint was filed in this case?

3 A God, I don't know. I probably talked to
4 him at least once a week, sometimes maybe two or
5 three. I mean, sometimes there will be a deal like
6 I will call him and he can't talk, and he call back,
7 and I can't talk and it might look like we had
8 fourteen conversations but really we were just
9 trying to have one, or something.

10 Q And other times you did have
11 conversations and some of them were pretty lengthy,
12 weren't they?

13 A Yeah.

14 Q And what have you discussed in these
15 telephone conversations?

16 MR. VAN SICKLE: May I suggest that
17 it would expedite matters to limit this inquiry into
18 matters pertaining to the lawsuit as opposed to all
19 of the social chat that may have occurred --

20 MR. HERTZBERG: I don't want the
21 social chat, but I want him to break down the
22 subjects that were covered, and then we will go into
23 the relevant points.

24 MR. VAN SICKLE: Okay.

25 A Well, a whole lot of it has to do with

000398

1 that -- a lot of it was just kind of just verifying,
2 I guess, things they already knew. A lot of it was
3 just asking us questions about our experiences.

4 Q Did you give them a copy of the
5 Complaint, or did they have a copy when they came to
6 the meeting?

7 A I don't know. I don't remember.

8 Q There was a copy of the Complaint at the
9 meeting?

10 A I don't remember that, either.

11 Q You are not sure?

12 A No.

13 Q There may have been, or there may not
14 have been?

15 A Yeah.

16 Q In any event, you discussed your
17 experiences in the church --

18 A Yes.

19 Q -- with Welkos and Sappell?

20 A Yes.

21 Q And Vicki discussed her experiences in
22 the church with Welkos and Sappell?

23 A Right.

24 Q And they took notes?

25 A Yeah.

000399

180

1 Q Handwritten notes?
 2 A Yeah.
 3 Q And they tape recorded the meetings?
 4 A Yeah.
 5 Q Do you have the copy of the tape?
 6 A Of their tape?
 7 Q Yes.
 8 A No.
 9 Q Have you ever asked them for one?
 10 A No.
 11 Q Did you tape record the meeting?
 12 A Yeah.
 13 Q And do you have a copy of the tape?
 14 A Actually, I do, somewhere, yeah.
 15 Q All right.

16 MR. HERTZBERG: We are going to ask
 17 that the tape be produced.

18 MR. VAN SICKLE: Well, you can ask.
 19 I will think it over. I don't see how it is really
 20 relevant, happened way after the fact.

21 MR. LIEBERMAN: It is an account of
 22 their experience in Scientology. It is -- can lead
 23 to -- it is calculated to lead to admissible
 24 evidence.

25 MR. VAN SICKLE: I don't -- I

000400

1 would have discussed with him.

2 Q Have you had any discussions with Welkos
3 and Sappell subsequent to the meeting that you had
4 with him face-to-face?

5 A No. I don't think. I don't think so.

6 Q You don't think so?

7 A Huh-uh.

8 Q You don't remember for sure?

9 A I don't recall any conversation with them
10 since then.

11 Q You don't recall Vicki having any
12 conversations with them?

13 A No.

14 Q When was the last time you spoke with Joe
15 Yanny?

16 A Oh, boy. What is today? Thursday?
17 Monday, maybe. Sunday. Somewhere around there.

18 Q What did you discuss with him on Sunday
19 or Monday?

20 A I think we were joking about this
21 conspiracy thing again.

22 Q You joke with Joe Yanny a lot.

23 A He is a funny guy.

24 Q Do you remember what else you discussed
25 with him this last time?

000401

1 A No. I mean, at that point in time, I
2 think that's all we did discussed. I was trying to
3 cheer him up.

4 Q He needed to be cheered up?

5 A Yeah. He sounded a little down.

6 Q Did you talk to him about your wife's
7 deposition in the case?

8 A Other than the fact that it had occurred,
9 you mean?

10 Q Any aspect of it.

11 A Well, yeah. I mean, I told him that she
12 was getting deposed.

13 Q What did he say?

14 A Well, I remember one time telling him
15 that I thought -- Vicki was telling me you guys were -
16 the first day or something like that was all just
17 about Joe, and I told Joe that, that they were still
18 trying to get into this conspiracy thing.

19 Q Anything else?

20 A Not that readily comes to mind. I mean,
21 you know, just -- nothing deep and significant. I
22 mean, you know, it was not I mean, you know, it's
23 not like -- who's to say.

24 Q Well, you have kept Joe apprised of the
25 progress of your case, have you not?

000402

1 A If you mean as to what is going on, that
2 I am getting deposed, he is getting deposed, they
3 are getting deposed, we are all getting --

4 Q Yes.

5 A Sure.

6 Q And you have asked him for advice about
7 various matters, haven't you?

8 A Not at all.

9 Q Not at all?

10 A Not at all.

11 Q And he hasn't volunteered any to you?

12 A I have a source of advice on my case.
13 I'm pointing at my attorney here. Joe has not -- I
14 mean, -- no, sir, not really.

15 Q Not at all?

16 A Again, now you are getting back to us
17 joking back and forth about stuff, but I don't know
18 if you really want to get into that. But --

19 Q You joked around with Joe Yanny about
20 your case?

21 A Actually, I think it is probably more
22 about his case.

23 Q About his case. But some about your
24 case?

25 A No. I think it was mostly just about

1 this conspiracy concept.

2 Q Joe Yanny -- did you know that Joe Yanny
3 was deposed last week?

4 A Last week?

5 Q Yes. Last week.

6 A Yeah, I think I did.

7 Q His deposition was taken in California.

8 A Okay.

9 Q You knew that, right?

10 A I think so.

11 Q He spoke to Vicki about it, didn't he,
12 before the deposition?

13 A I don't know if he did or not. If he
14 spoke to Vicki before his deposition?

15 Q Yes.

16 A I don't think so. I thought he just
17 spoke to me, but he might have.

18 Q Did you read any portions of her
19 deposition transcript to him?

20 A Oh, absolutely not.

21 Q Did Vicki?

22 A No. We didn't even have a copy.

23 Q Joe Yanny said -- testified under oath at
24 his deposition last week that what he talked to you
25 about recently was "mostly pussy and watermelon." Do

000404

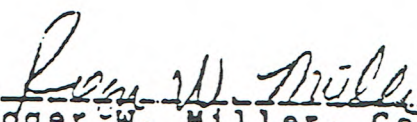
1 STATE OF TEXAS)

2 COUNTY OF DALLAS)

3 I, Roger W. Miller, Certified Shorthand
4 Reporter in and for the State of Texas, certify that
5 the foregoing deposition of RICHARD N. AZNARAN was
6 reported stenographically by me at the time and place
7 indicated, said witness having been placed under oath
8 by me, and that the deposition is a true record of
9 the testimony given by the witness.

10 I further certify that I am neither counsel for
11 nor related to any party in this cause and am not
12 financially interested in its outcome.

13 Given under my hand and seal of office on this
14 the 14th day of July, 1988.

15
16
17 
18 Roger W. Miller, Certified
19 Shorthand Reporter No. 328 in
20 and for the State of Texas
21 Stanley, Harris, Rice, Cogburn,
22 Stunkard, Miller & Associates, Inc
23 3100 McKinnon Suite 1000
24 Dallas, Texas 75201

25 My commission expires December 31, 1988.

000405

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN AND
RICHARD N. AZNARAN

VERSUS

NO. CV 88-1786-WDK

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, INC.; CHURCH
OF SPIRITUAL TECHNOLOGY,
INC.; SCIENTOLOGY
MISSIONS INTERNATIONAL,
INC.; RELIGIOUS TECHNOLOGY
CENTER, INC.; AUTHOR
SERVICES, INC.; CHURCH
OF SCIENTOLOGY
INTERNATIONAL, INC.;
CHURCH OF SCIENTOLOGY OF
LOS ANGELES, INC.;
MISSION OFFICE WORLDWIDE;
AUTHOR FAMILY TRUST; THE
ESTATE OF L. RON HUBBARD;
DAVID MISCALIGE; AND
NORMAN STARKEY

ORAL DEPOSITION OF

RICHARD N. AZNARAN

VOLUME 2

On the 5th day of July, 1988, at
10:00 a.m., the oral deposition of the above-named
witness was taken at the instance of the Defendants
before Roger W. Miller, Certified Shorthand Reporter
in and for the State of Texas, at the offices of
Cohan, Simpson, Cowlshaw, Aranza & Wulff,
in the City of Dallas, County of Dallas, State of
Texas, pursuant to the agreement hereinbefore set forth.

000406

187 COPY

A P P E A R A N C E S

Appearing for the Plaintiffs

CUMMINS & WHITE
1600 Wilshire Boulevard
Los Angeles, CA 90017-1695
By: Mr. Barry Van Sickle

Appearing for Author Services

Mr. Michael Lee Hertzberg
275 Madison Avenue
New York, NY 10016

Appearing for Church of
Scientology International

RABINOWITZ, BOUDIN, STANDARD,
KRINSKY, LIEBERMAN
740 Broadway at Astor Place
New York, NY 10003-9516
By: Mr. Eric Lieberman

Also present: Mr. Matt Ward
Mr. Warren McShane

000407

1 A On the high side, once a week, on the low
2 side, no.

3 Q After she went into the RPF, did you --
4 by the way, when we are talking about her going into
5 the RPF, what time period are we talking about?

6 A I believe that was February of '87.

7 Q And that was until when?

8 A Until she and I departed.

9 Q Did you get any telephone calls from
10 Vicki when she was in the RPF?

11 A No.

12 Q What was your reaction when you found out
13 that she will was in the RPF?

14 A I was extremely upset.

15 Q When was the first letter that you got
16 which indicated that she was in the RPF?

17 A That's not how I found out she was in the
18 RPF.

19 Q She wrote to you, but she didn't tell you
20 she was in the RPF?

21 A No, somebody else told me when she went
22 to the RPF.

23 Q When was that?

24 A That would have been the day after she
25 went to the RPF.

1 Q That was sometime in March?

2 A February.

3 Q I'm sorry, in February?

4 A Yeah.

5 Q Of 1987?

6 A Yes. I'm just -- the reason I'm -- I
7 think that in actual fact, the day before that I had
8 kicked up a bit of a fuss, and so Vicki was allowed
9 to make a very short phone call to me to tell me
10 that she was going to the RPF, not to worry, that --
11 and then the next day -- that was all. Then the
12 next day is when I got the briefing.

13 Q And you were told that she had gone to
14 the RPF?

15 A Yes.

16 Q Did you say anything to anybody about the
17 fact that she was in the RPF?

18 A At any time or --

19 Q In --

20 A I mean,, yeah, I said a lot of things.

21 Q One moment, please. Did you answer
22 Vicki's letters to you when she was in the RPF?

23 A I did more than answer. I wrote on a
24 regular basis.

25 Q How often did you write to her?

000409

1 STATE OF TEXAS)

2 COUNTY OF DALLAS)

3 I, Roger W. Miller, Certified Shorthand
4 Reporter in and for the State of Texas, certify that
5 the foregoing deposition of RICHARD N. AZNARAN was
6 reported stenographically by me at the time and place
7 indicated, said witness having been placed under oath
8 by me, and that the deposition is a true record of
9 the testimony given by the witness.

10 I further certify that I am neither counsel for
11 nor related to any party in this cause and am not
12 financially interested in its outcome.

13 Given under my hand and seal of office on this
14 the 15th day of July, 1938.

15
16
17
18 _____
19 Roger W. Miller, Certified
20 Shorthand Reporter No. 328 in
21 and for the State of Texas
22 Stanley, Harris, Rice, Cogburn,
23 Stunkard, Miller & Associates, Inc
24 3100 McKinnon Suite 1000
25 Dallas, Texas 75201

23 My commission expires December 31, 1988.

000410

IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN AND
RICHARD N. AZNARAN

VERSUS

NO. CV 88-1786-WDK

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, INC.; CHURCH
OF SPIRITUAL TECHNOLOGY,
INC.; SCIENTOLOGY MISSIONS
INTERNATIONAL, INC.;
RELIGIOUS TECHNOLOGY
CENTER, INC.; AUTHOR
SERVICES, INC.; CHURCH OF
SCIENTOLOGY INTERNATIONAL,
INC.; CHURCH OF
SCIENTOLOGY OF LOS
ANGELES, INC.; MISSION
OFFICE WORLDWIDE; AUTHOR
FAMILY TRUST; THE ESTATE
OF L. RON HUBBARD; DAVID
MISCAVIGE; AND NORMAN
STARKEY

ORAL DEPOSITION OF

RICHARD N. AZNARAN

VOLUME 2

On the 24th day of January 1989, at
10:00 a.m. the oral deposition of the above-named
witness was taken at the instance of the
defendants before Roger W. Miller, Certified
Shorthand Reporter in and for the State of Texas, at
the offices of Stanley, Harris, Rice, 3100 McKinnon,
Suite 1000, in the City of Dallas, County of Dallas,
State of Texas, pursuant to the agreement hereinafter
set forth.

A P P E A R A N C E S

Appearing for the Defendants

COOLEY, MANION, MOORE & JONES
530 Atlantic Avenue
Boston, Massachusetts 02210
By: Mr. Earle C. Cooley

Also Present: Mr. Matt Ward

000412

193

1 if they all did it or some of them refused or what.

2 Q. In paragraph 5 of your declaration you say,
3 "Guardian's Office personnel had told me repeatedly that
4 they -- meaning the releases -- "did not hold water and
5 merely a deterrent."

6 Who in the Guardian's office told you that?

7 A. Yard guns office personnel down in Austin,
8 Texas.

9 Q. Give me names, please, if you can. If you
10 can't, just say so.

11 A. There was a guy named James, and I don't
12 remember his last name. He ended up going to the
13 Guardian's Office in Washington, D.C., and I think he
14 is -- runs a software company now and another guy named
15 Danny, and I don't recall his last name. Danny is the
16 one that I worked with on most occasions. He later
17 routed out of the Guardian's Office.

18 Q. Is it -- can you tell me the year you were
19 told this?

20 A. The first time I would have heard this -- oh,
21 also, I heard that from a Class VIII, by the name of
22 Dean Stokes. He was the Executive Director of the local
23 franchise.

24 Q. Dallas?

25 A. Yes.

000413

1 Q. Okay.

2 A. And the first time would have probably been
3 '74.

4 Q. That would be from Stokes?

5 A. And Austin.

6 Q. Now, you say this was later confirmed by cult
7 attorney John Peterson?

8 A. Yeah.

9 Q. Did Peterson tell that to you?

10 A. I don't recall if Peterson told me directly or
11 if Vicki had told me at the time. As a member of OSA
12 Int., International, I was aware of it anyway at that
13 point.

14 Q. I am interested in what Peterson said and to
15 whom and when.

16 A. Okay. I just answered that to the best of my
17 knowledge.

18 Q. Now, you say in paragraph 6 of your
19 declaration, "It was stressed at the time of the signing
20 of the releases that if we spoke to government agents
21 about any confidential information we had concerning
22 the cult, that we would be in violation of our
23 agreements and that we would be sued."

24 Who told you that?

25 A. That would have probably be Marty. Yes, it

000414

195

RICHARD N. AZNARAN - 1-24-89

VOLUME 2

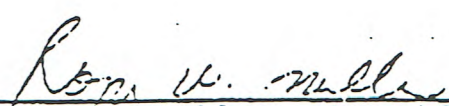
1 STATE OF TEXAS)

2
3 COUNTY OF DALLAS)

4 This is to certify that I, Roger W. Miller,
5 Certified Shorthand Reporter in and for the State of
6 Texas, reported in shorthand the proceedings conducted
7 at the time and place set forth in the caption hereof
8 and that the above and foregoing pages contain a full,
9 true, and correct transcript of said proceedings.

10 I further certify that I am neither counsel for
11 nor related to any party in this cause and am not
12 financially interested in its outcome.

13 Given under my hand and seal of office on this
14 the 24th day of January, 1989.

15
16
17
18
19
20
21 
22 Roger W. Miller, Certified
23 Shorthand Reporter No. 328
24 in and for the State of Texas
25

000415

000416

EXHIBIT J

DECLARATION OF VICKI J. AZNARAN

I, Vicki J. Aznaran, make the following declarations to personal knowledge except where the context indicates knowledge based upon information and belief.

1. My husband Richard Aznaran and I are plaintiffs in the instant action wherein defendants (hereinafter referred to collectively as "Scientology") have moved to strike our entire complaint and to prevent our attorneys from representing us.

2. As set forth in more detail below, my husband and I were involved with Scientology for approximately 15 years. For much of that time we were members of an organization known as the Sea Organization. This organization is an elite organization within Scientology. The Sea Organization has considerable influence and control over Scientology organizations. Generally, Sea Organization members hold the management posts within Scientology.

3. In 1978, after approximately four years as staff members, my husband and I joined the Sea Organization. From 1978 to early 1987, my husband and I worked most of our waking hours, with very few days off, at our various assignments within Scientology. I eventually became President of Religious Technology Center and, supposedly, the top "ecclesiastical" authority within Scientology. Richard was a high-level security officer. During this period my husband and I became intimately familiar with the structure and activities of various Scientology organizations. Among other things, I was briefed on and sometimes a participant in meetings involving litigation tactics and various

means used to attack and fight "enemies" of Scientology. numerous instances I was in the chain of command or approval of such activities. The legal strategy of Scientology and the existence of numerous potential legal problems, some of which are set forth below, were known to me when I was a staff member of Scientology. Contrary to what I understand to be claimed by the defendants herein, Mr. Yanny did not reveal to me the legal strategies or secrets of Scientology. Nor did Mr. Yanny invent or open my eyes to the wrongs that I had suffered at the hands of Scientology.

4. I have become an "enemy" of Scientology. This has certain consequences that will influence what Scientology will do in this litigation. For example, it is important to understand that their value system allows dishonesty if done in the name of Scientology.

5. Enemies of Scientology are deemed to be "suppressive persons" ("SPs"). One becomes a "suppressive person" by doing a suppressive act, such as suing Scientology as a litigant or lawyer. In the jargon of Scientology, when one is "declared" this means that one has been declared a "suppressive person" and, therefore, may be harassed, hurt, damaged or destroyed without regard to truth, honesty or legal rights. It is considered acceptable within Scientology to lie, cheat, steal and commit illegal acts in the name of dealing with a "suppressive person".

6. This practice or policy is sometimes referred to as the policy of "fair game". In the jargon of Scientology, a person who is "declared" is understood to be a suppressive person. This means that the person is "fair game". The fair game policy was

000418

1 issued in the 1960s. It was never cancelled. A document was
2 issued for public relations reasons that purportedly cancelled
3 "fair game"; however, that document stated that it did not change
4 the manner of handling persons declared "SP." In reality, the
5 purported cancellation of fair game is at most a matter of
6 semantics. Enemies of Scientology are treated as "fair game."

7 7. It is my understanding, and I have so testified in my
8 deposition, that when my husband and I escaped from Scientology we
9 were not immediately declared suppressive persons or subjected to
10 the fair game policy. Among other things, we were compelled to do
11 certain things and sign various documents to escape and avoid
12 being subjected to fair game treatment. As we have now sued
13 Scientology, we are "fair game".

14 8. From 1984 through early 1987, I was President of
15 Religious Technology Center (hereinafter "RTC"). As President of
16 RTC and a Sea Organization member, I attended many meetings
17 concerning the numerous legal actions involving Scientology
18 organizations. During this time period, I had personal access to
19 all legal documents having to do with RTC. I received a report
20 every day on my computer that included a synopsis of each ongoing
21 legal case involving Scientology. I received, or so I was told,
22 copies of every major motion filed in cases involving Scientology.
23 I was on the "approval lines" for legal documents dealing with
24 RTC. During this time period, I had the option of attending legal
25 meetings although some were mandatory. I attended many litigation
26 meetings and became generally aware of Scientology's dirty tricks
27 and legal maneuvers. On specifics, I frequently deferred to
28 in-house and outside counsel, however, at least in theory, I was

000419

1 the head of RTC and had access to any business or litigation
2 "secrets" of Scientology.

3 9. As President of RTC, I was one of those responsible for
4 retaining the services of Joseph Yanny as counsel for Scientology
5 organizations. I supervised and worked with Mr. Yanny who served
6 as coordinating attorney for RTC in 1985. I am not aware of any
7 legal or corporate information concerning RTC that was available
8 to Mr. Yanny but not available to me.

9 10. I am informed and believe that various Scientology
10 organizations are contending that Mr. Yanny has somehow improperly
11 educated me on the legal maneuvers, tactics and affairs of
12 Scientology. Although such claims are consistent with litigation
13 tactics of Scientology, which are not constrained by considera-
14 tions such as truth and reality, the proposition that I needed
15 Mr. Yanny to educate me on the internal affairs of Scientology is
16 simply wrong. I was one of the highest ranking members of
17 Scientology and was involved in upper management. Mr. Yanny was a
18 lawyer hired by management, of which I was a part, to work for it.
19 Further, it was the practice during the time period in question to
20 screen the information given to outside counsel such as Mr Yanny.

21 11. It is the stated policy and practice of Scientology to
22 use the legal system to abuse and harass its enemies. This crude,
23 fundamental directive of Scientology is no secret. In any event,
24 this information did not come to me from Mr. Yanny. The policy is
25 to do anything and everything possible to harass the opposing
26 litigant without regard to whether any particular motion or
27 maneuver is appropriate or warranted by the facts or applicable
28 law. That policy was followed in every legal case I was involved

000420

1 with or learned about while a member of the Sea Organization. Th
2 management of Scientology consistently expressed and demonstrate
3 a complete disdain for the court system viewing it as nothing mor
4 than a method to harass enemies. Some examples of this are se
5 forth below.

6 12. During litigation between Gerald Armstrong and
7 Scientology, which was before Judge Breckenridge of Superior Court
8 for Los Angeles County, the court ordered the production of
9 Armstrong's pre-clear ("PC") folders. These are files maintained
10 by Scientology on those who submit to interrogation sessions in a
11 process called auditing. During the course of that litigation I
12 was ordered to go through Armstrong's folders and destroy or
13 conceal anything that might be damaging to Scientology or helpful
14 to Armstrong's case. As ordered, I went through the files and
15 destroyed contents that might support Armstrong's claims against
16 Scientology. This practice is known within Scientology as
17 "culling PC folders" and is a common litigation tactic employed by
18 Scientology.

19 13. During other litigation in Los Angeles known to me as
20 the Wollersheim case, I was told that the judge had ordered the
21 production of Wollersheim's folders. As ordered, I "culled" these
22 files. In other words, I removed contents that might have been
23 damaging to Scientology or support Wollersheim's claims against
24 Scientology. For example, I removed evidence of events involving
25 his family, the anguish this caused him, evidence of disconnection
26 from family and evidence of fair game.

27 14. I was involved in numerous meetings concerning what is
28 known to me as the Christofferson case in Portland, Oregon. This

1 case was tried twice. In the first case, a Scientology witness b.
2 the name of Martin Samuels was coached and drilled for hours o:
3 how to lie convincingly or avoid telling the truth. Before o:
4 during the second trial he admitted to this course of conduct. I:
5 this litigation, a Scientologist by the name of Joan Shriver:
6 produced responsive documents that may have been incriminating
7 This was a serious breach of policy for which she was punished.
8 These documents were ordered produced on such short notice that
9 apparently files were not thoroughly "culled". In another case,
10 Mr. Yanny was severely criticized and almost fired for failing to
11 properly coach and feed the desired answers to Heber Jentzsch.
12 Mr. Jentzsch was, for public relations reasons, the purported head
13 of the Church of Scientology International. During his deposi-
14 tion, Mr. Jentzsch was unable to answer fundamental questions
15 concerning the management of Church of Scientology International.
16 This may be what certain defendants are referring to when they say
17 that they were dissatisfied with Mr. Yanny's services and I
18 protected him. There were those, including McShane, who were
19 outraged by the embarrassing testimony of Mr. Jentzsch. This was
20 blamed on Mr. Yanny. I did not wish to discontinue using
21 Mr. Yanny at RTC for this perceived problem.

22 15. In November, 1985, I was present at a meeting whereat
23 Earle Cooley, a Scientologist lawyer, Lyman Spurlock and Norman
24 Starkey, all high ranking Scientologists, announced that they were
25 going to contact Judge Mariana Pfaelzer. Earlier that day Judge
26 Pfaelzer had denied a Scientology motion for a temporary
27 restraining order. After losing on the application there was a
28 meeting to determine what to do about the situation. At the

meeting Mr. Cooley had a file that purportedly contained background and personal information on Judge Pfaelzer. During the meeting Mr. Cooley and the others announced that they were going to attempt to meet with Judge Pfaelzer that evening, at her home if necessary, concerning the litigation in which the temporary restraining order had been sought. Thereafter, Mr. Cooley and the others left with their file on Judge Pfaelzer. They returned several hours later at which time I was told that their attempt to contact Judge Pfaelzer had been unsuccessful.

16. In late 1979 and early 1980, there was a massive document destruction program undertaken to destroy any evidence showing that L. Ron Hubbard ("LRH") controlled Scientology. I participated in this activity in Clearwater, Florida and was informed that there was also intensive document destruction at facilities in Gilman Hot Springs, California. From at least that point onward there was a continuous effort to hide or destroy any evidence of Hubbard's control. For example, during an IRS investigation in 1984 and 1985, while in bed with pneumonia, I was ordered out of bed by Norman Starkey who told me that they had received a tip from a Los Angeles Police officer advising them of a pending IRS raid in Los Angeles. Mr. Starkey ordered me to go to a computer facility and insure that all information on the computers in Los Angeles that might show Hubbard's involvement and control of Scientology's money was destroyed except for one copy of each document. These copies were to be saved on computer discs which were to be hidden in secure storage places. At the time I was also instructed to destroy anything that would show the control of Mr. Starkey or Mr. Miscavige over Scientology.

000423

1 17. I have been informed and believe that a an improp
2 affidavit was filed in a case brought by L. Ron Hubbard, Jr.
3 Riverside, California. The circumstances were as follows: Th
4 document purported to be an affidavit of L. Ron Hubbard. Th
5 signature of Hubbard was purportedly notarized by David Miscavige
6 It is my understanding that this affidavit caused the case to b
7 dismissed. Subsequently, I was told by Pat Broeker, who had bee
8 living with Hubbard at the time, and by Miscavige, that Miscavige
9 had not seen Hubbard between 1980 and Hubbard's death in 1986
10 Accordingly, the affidavit was apparently signed, notarized an
11 dated during a time period when Hubbard was in seclusion and no
12 seen by the person who purportedly notarized the signature o
13 Hubbard.

14 18. In or about 1981, while working in a Scientology organi
15 zation known as the Guardian's Office, I had access to an
16 observed various written and oral communications pertaining to
17 illegitimate activities participated in by the Guardian's Office
18 The Guardian's Office attempted to infiltrate both governmental
19 and private agencies including the IRS, the Department of Justice
20 the American Medical Association and the National Institute of
21 Mental Health. The purpose of this was to steal documents pur-
22 suant to Hubbard's "Snow White" program. The goal of this program
23 was to eliminate any negative reports about Hubbard and
24 Scientology that may have been held by these various agencies.

25 19. While involved in Scientology I became aware of various
26 operations directed against an author who had written a negative
27 book about Scientology. The author, Paulette Cooper, was sub-
28 jected to various forms of harassment. One operation included an

000424

1 attempt to frame her. A false bomb threat was written. A
2 Scientology agent lifted a fingerprint from Cooper's apartment.
3 These fingerprints were then transferred to the bomb threat
4 letter. Ms. Cooper was subjected to an investigation and was not
5 cleared until an FBI raid resulted in the seizure of Scientology
6 documents that exposed the operation as a frame-up. There was at
7 least one other operation directed against Ms. Cooper. The
8 substance of it was to plant a boyfriend to reinforce and play
9 upon her suicidal tendencies in the hopes that she would commit
10 suicide.

11 20. In 1976 and 1977, the then Mayor of Clearwater, Florida,
12 Gabe Cazares was involved with litigation against Scientology.
13 Arrangements were made to have an attorney by the name of Merrill
14 Vanniere, a Scientologist, represent Mr. Cazares and sabotage his
15 case. This plot was also exposed by documents obtained in an FBI
16 raid of a Scientology facility. Also, in response to Mr. Cazares'
17 litigation against Scientology, an attempt was made to implicate
18 Mr. Cazares in a staged hit-and-run accident.

19 21. During the time period of my involvement with
20 Scientology, I also learned of various attempts to influence
21 judges or force their removal from cases. For example, a private
22 investigator named Dick Bast obtained a statement from a prosti-
23 tute concerning involvement with a certain judge in Washington,
24 D.C. who was sitting on a Scientology case. This was then pub-
25 licized. The judge did not continue on the case. The same
26 investigator, Dick Bast was also hired for the purpose of at-
27 tempting to force the removal of a judge in Tampa, Florida. This
28 involved what I know as the Burden case, which was civil

1 litigation brought by Michael Flynn. Dick East secured a yacht
2 and attempted to get the judge on board for the purpose of filming
3 him under compromising circumstances. The judge declined to go
4 yachting and the operation was unsuccessful. Approximately
5 \$250,000.00 was spent on the operation.

6 22. I have been informed by Mark (Marty) Rathbun, a high
7 ranking Scientologist, that his private investigator, Gene Ingram,
8 "fed" a confession to Ala Tamimi when visiting him in an Italian
9 prison. This false confession was, in substance, that Tamimi had
10 been involved in a bad check scam involving an account of L. Ron
11 Hubbard. This false confession implicated attorney Michael Flynn
12 in the check scam. Michael Flynn was at the time considered a
13 major enemy of Scientology because he represented numerous clients
14 with claims against Scientology. This purported confession was
15 used to slander and attack Michael Flynn. Michael Flynn has also
16 been sued by Scientology as part of its "strategy" for handling
17 enemies.

18 23. During an IRS criminal investigation in the 1984 to 1985
19 time period, the IRS ordered production of various communications
20 between Hubbard and Author Services, Inc. (ASI). The ASI staff
21 worked literally day and night for several days reviewing docu-
22 ments so that unfavorable documents could be destroyed or other-
23 wise concealed from the IRS. Lyman Spurlock and Marion M. Dendui,
24 Scientologists involved in this operation, informed me of this
25 operation. Also during this IRS investigation, my husband, Rick
26 Aznaran, was ordered to remove and conceal any incriminating
27 documents from certain locations. He was also directed to make
28 the computer network "raid proof". This involved creating a

000426

1 system where incriminating documents could be deleted from
2 computer storage rapidly and before the IRS could obtain control
3 over the computers.

4 24. In 1985, I attended a conference on "squirrels" attended
5 by Miscavige, Starkey, Spurlock, and McShane, members of top
6 management, and others. In Scientology jargon, "squirrels" are
7 people who use or practice some procedures also used by
8 Scientology but who do not submit to the total control of the
9 Scientology organization and, perhaps most importantly, who do not
10 pay a percentage of their auditing or counseling fees to
11 Scientology. At this meeting, David Miscavige ordered that public
12 Scientologists be organized and motivated to physically attack
13 squirrels and disrupt their operations. This was stated to be
14 pursuant to the standard guidelines of Scientology. Pursuant to
15 such directives, efforts were undertaken to intimidate and disrupt
16 these persons and their organizations.

17 25. In 1981, operation "Juggernaut" was commenced. The
18 purpose of this was to destroy Michael Flynn who, as stated above,
19 was representing various plaintiffs with litigation against
20 Scientology. This operation contemplated the use of infiltration,
21 propaganda and attempts to persuade clients to turn against him.

22 26. The Guardians' Office got into so much trouble, and
23 worse yet got caught, that it was decided in the early 1980's that
24 the Guardians' Office should be disbanded. This was purely a
25 public relations gimmick. In short, it was decided that the
26 Guardians' Office and Mary Sue Hubbard, its then leader, were to
27 take the rap for all criticism and improper conduct. This scheme
28 was laid out in various written communications I observed in 1981

1 and 1982. (Of course, I was not allowed to keep or escape from
2 Scientology with any such incriminating documents.)

3 27. Since the early 1970's, Scientology has operated a
4 forced labor camp known as the Rehabilitation Project Force
5 ("RPF"). Staff members are incarcerated in the RPF for various
6 real or imagined offense. People confined at this camp are forced
7 to perform hard physical labor every day. They eat rice and
8 beans, or left-overs, and wear rags. They are deprived of suf-
9 ficient sleep. In 1987, I was confined in such a camp at Happy
10 Valley for approximately six weeks. I worked all day and was
11 confined in a room at night. To the best of my knowledge I was
12 guarded 24 hours a day. They would not even let me shower alone.
13 I had to obtain permission to use a bathroom. I was ill and not
14 allowed to obtain medical treatment. I was not allowed to com-
15 municate with my husband nor was I allowed to obtain adequate
16 sleep. I was told that I had gone insane and that my husband did
17 not want to communicate with me. I was physically and psycho-
18 logically abused both at Happy Valley and for numerous days
19 thereafter in a process called "security checking". Much over-
20 simplified, I was grilled on a primitive lie detector called an
21 E-Meter and made to understand that I would not be released, have
22 my property returned, or escape fair game policy unless I even-
23 tually gave all of the "right" answers. Examples of "right"
24 answers were responses that I would not talk to a lawyer or
25 consider suing Scientology. I had to give such answers before
26 being released.

27 28. Recovering from the years of brainwashing, thought
28 control and propaganda to which Scientology subjected me is a

1 gradual process that I do not fully understand. I am not a
2 psychologist or psychiatrist and do not fully understand the
3 ramifications of what I have been through although I can observe
4 and experience many symptoms. I have many nightmares and a fear
5 of Scientology.

6 29. The suit brought by Richard Aznaran and myself is based
7 upon real events that happened to real people, namely us. Just as
8 my husband and I do not need Mr. Yanny to educate us on any
9 secrets of Scientology, it is simply untrue that our claims were
10 somehow invented or manufactured by Mr. Yanny. The whimsical
11 notion that Mr. Yanny invented this litigation through my husband
12 and me is simply false.

13 30. My husband and I consider Mr. Yanny to be a friend.
14 Further, it might be noted that Mr. Yanny was to serve as my
15 personal counsel in a class action against Scientology and
16 numerous individuals including myself. Recent events have changed
17 this, however, there was a period of time when Mr. Yanny was
18 purportedly designated as my personal counsel with the approval of
19 Scientology.

20 31. My husband and I feel quite strongly that we want Barry
21 Van Sickle and the firm of Cummins & White to represent us in this
22 case. Our reasons are both subjective and objective. We do not
23 wish to list our subjective reasons, although we will do so if the
24 Court requests it. Objectively, it might be noted that we had
25 considerable difficulty finding counsel willing and in a position
26 to undertake this extremely volatile, time consuming and expensive
27 litigation. We are unable to pay hourly rates to pursue our
28 claims and need a firm willing to work with us on a contingency

000429

1 fee basis. I anticipate great difficulty, delay and prejudice
2 forced to find other counsel.

3 32. -Based upon my experience within Scientology and as
4 litigant against it, I understand that this is not routine lit
5 gation. If I am forced to find other counsel, prospective couns
6 will be presented with the following situation:

7 (a) A complex case that must be handled on a conti
8 gency fee and cost-advanced basis;

9 (b) A case that requires a litigation team and su
10 stantial financial resources;

11 (c) A case involving an opponent who has a practice a
12 history of suing opposing lawyers as a tactic in addition
13 subjecting opposing lawyers to surveillance, depositions, infil
14 tration, bad publicity and the full ramifications of the fair ga
15 policy;

16 (d) A case where the opponent is not constrained by
17 need to be cost effective, truthful, honest or reasonable; a:

18 (e) A case that requires extraordinary securit
19 precautions.

20 I declare under penalty of perjury under the laws of th
21 State of California that the foregoing is true and correct.

22 Executed this 8th day of August, 1988, in Dallas, Texas:

23
24 
25 VICKI J. AZKARAN
26
27
28

000430

DECLARATION OF DOROTHY ANN PETI

I, DOROTHY ANN PETI, hereby declare and say as follows:

1. From April 1987 until June 1988, I was employed as a legal secretary at the Los Angeles law firm of Herzig & Yanny. I have direct and personal knowledge of the matters set forth in this declaration and, if called as a witness, could and would competently testify thereto.

2. At the time that I began working at Herzig & Yanny, that firm was providing regular and continuing legal services to Religious Technology Center ("RTC"), Church of Scientology International, Inc. (CSI"), and Church of Scientology of California, Inc. ("CSC") and had been providing such services for several years. This attorney-client relationship was terminated in or about December of 1987.

3. On Friday, March 18, 1988, Lisa Wilske, an associate at Herzig & Yanny, asked me to spend the weekend at her home. Wilske, who is the girlfriend of Joseph A. Yanny ("Yanny") partner with Herzig & Yanny, shares Yanny's Hermosa Beach, California residence.

4. Wilske told me that certain individuals who had terminated their affiliation with the Church of Scientology were meeting with Yanny that weekend and that she wanted me to observe the proceedings and give her my impressions. Wilske also told me that the individuals who were meeting with Yanny believed they had certain claims against the Church of Scientology.

5. When I arrived at Yanny and Wilske's Hermosa Beach residence on March 18, 1988, Yanny and two other individuals

1 were already present. These individuals were introduced to me
2 as Bent Corydon ("Corydon") and Vicki Aznaran ("Aznaran"). I
3 have since learned that Corydon was, and is, involved in
4 litigation against Yanny's former clients, RTC, CSI and CSC.
5 I have also learned that Aznaran was formerly RTC's President
6 and that she and her husband are also presently involved in
7 litigation against RTC and others.

8 6. During the weekend of March 18, 1966, Corydon spent
9 at least one full day and night at Wilske and Yanny's
10 residence, while Aznaran stayed the whole weekend. Herzig &
11 Yanny associate Richard Wynne, who was previously employed by
12 the law firm of Cummins & White, was also present from time to
13 time during that weekend.

14 7. During the course of the weekend, I observed numerous
15 conversations between Yanny, Corydon, Aznaran, Wilske and
16 Wynne. Through these conversations, I learned that Aznaran
17 was no longer employed by RTC and that she planned to initiate
18 litigation against RTC and/or the Church of Scientology,
19 either on her own behalf or in conjunction with Corydon.

20 8. At one point, I heard Corydon complain that he did
21 not have the financial resources to hire an attorney. Yanny
22 responded that Corydon's lack of funds was not a problem.
23 Yanny told Corydon that Wilske was particularly good at the
24 sort of litigation they were discussing since she had been
25 involved in similar litigation on behalf of RTC, CSI and
26 CSC during the time that Yanny and Herzig & Yanny represented
27 them.

28 9. I also observed Corydon and Aznaran in close

1 conversation throughout the weekend. From what I overheard of
2 their conversations, they were discussing events which had
3 occurred at RTC before the time that Aznaran left the Church.

4 10. During the week that followed the clandestine
5 meeting described above, Corydon and Aznaran had many contacts
6 with Herzig & Yanny, both in person and by telephone. I
7 observed Corydon and Aznaran in the Herzig & Yanny offices on
8 numerous occasions during that week. I also observed Karen
9 MacRae ("MacRae"), a Texas attorney and Vicki Aznaran's
10 sister, conducting legal research in Herzig & Yanny's offices
11 that week. It appeared from the number of visits and calls,
12 to be a period of intense activity.

13 11. During that same week, Herzig & Yanny associate Mary
14 Grieco ("Grieco") told me that despite Yanny's insistence that
15 he could participate in the planned lawsuit brought by Aznaran
16 against RTC, she was concerned about his proposed
17 representation of interests adverse to those of RTC, his
18 former client. At one point during that week, either Grieco
19 or Wilske asked me to provide them with the telephone number
20 of the California State Bar Ethics Hotline, and I did so. I
21 later learned from Grieco that they had called the Hotline to
22 determine whether Yanny could ethically represent the Aznarans
23 in the proposed lawsuit against RTC. Grieco told me that the
24 State Bar determined that Yanny could not ethically represent
25 the Aznarans against his former clients.

26 12. Wilske told me that subsequent to the call to the
27 Ethics Hotline, Thelma Herzig, an attorney and the wife of
28 Herzig & Yanny partner Albert Herzig, was informed about

1 Yanny's activities in preparing the Aznarans' lawsuit against
2 Herzig & Yanny's former client. I observed Wilske and Grieco,
3 go into a meeting with Yanny and Thelma Herzig at Herzig &
4 Yanny's offices. After the meeting Grieco told me that Herzig
5 informed Yanny that he could not represent the Aznarans
6 against his former clients and that he should cease all such
7 activity immediately.

8 13. On Saturday, March 26, 1988, I was again invited to
9 spend the weekend at Wilske and Yanny's Hermosa Beach
10 residence. When I arrived on March 26, 1988, Aznaran, Wilske,
11 Yanny, Corydon and MacRae were present, as was Aznaran's
12 husband, Richard (Rick) Aznaran. Later that afternoon, Wynne
13 and Grieco joined the others. Throughout the day, they
14 discussed strategy relating to the litigation which they
15 planned to commence on behalf of Aznaran against the Church of
16 Scientology.

17 14. On a number of occasions during that weekend, I
18 heard Yanny reassure Aznaran that he could represent the
19 Aznarans even though RTC, CSI and CSC had been his client. I
20 heard Yanny make similar reassuring comments to Corydon. I
21 also heard Yanny advise Aznaran regarding her proposed causes
22 of action against RTC and the others and the consequent relief
23 she should seek.

24 15. During that weekend, I also heard Yanny explain to
25 Aznaran and Corydon that he would assign responsibility for
26 certain portions of the proposed lawsuit against RTC and
27 others to Wilske, because she had conducted research in those
28 areas at the time that Herzig & Yanny represented RTC, CSI and

1 CSC. Yanny stated emphatically to the attendees at this
2 weekend meeting that the suit he and the others were preparing
3 would cost very little, because the research for it had
4 already been done when Yanny and Wilske represented RTC, CSI
5 and CSC. Corydon joked, "What would the Church think if they
6 knew [Wilske] was working on this issue against the Church
7 when she originally researched it for the Church?"

8 16. Yanny also told those present that at the time
9 Wilske conducted the aforementioned research on behalf of RTC,
10 CSI and CSC, her time had been billed at Yanny's substantially
11 higher partner rate, and not at Wilske's law clerk rate. All
12 those in attendance laughed to hear that not only was the
13 Church's research going to be used against it, but that the
14 Church had been overcharged for this research to begin with.

15 17. At one point during the weekend, I heard Yanny tell
16 those present that because of his prior representation of RTC
17 and the Church of Scientology, he could produce an "airtight"
18 complaint against them. Yanny explained that having been
19 counsel to RTC, CSI and CSC for many years, he knew all of
20 their litigation weaknesses. He said that he knew which
21 strategies had worked in past litigation against RTC,
22 including specific arguments which had been difficult or
23 impossible for them to defend. All of the individuals present
24 during this weekend meeting at Yanny's home participated in
25 this discussion, and I observed Wynne and Wilske taking notes,
26 particularly when Yanny discussed the Church's litigation
27 weaknesses. Yanny was pressing the others to file the planned
28 Aznaran suit right away.

000436

1 18. During the course of the weekend, I heard Yanny ask
2 Wynne and Wilske to research certain issues and to draft
3 certain portions of the planned Aznaran complaint. I later
4 observed Wilske drafting certain documents. Originally, I was
5 asked to type documents drafted that weekend, but that task
6 was later assigned to Terri Mehra ("Mehra"), a new Herzig &
7 Yanny secretary. Prior to her employment with Herzig & Yanny,
8 Mehra was a secretary at Cummins & White.

9 19. Grieco was also present during at least one of the
10 meetings held at Yanny's home on the weekend of March 26 and
11 27, 1988. Grieco, who was employed by Herzig & Yanny during
12 the time that the firm represented RTC, CSI and CSC, was well
13 aware of the planned Aznaran suit and Thelma Herzig's explicit
14 instruction to cease all activities connected to the Aznaran
15 litigation.

16 20. At one point during the weekend, Yanny, the
17 Aznarans, Corydon, Wilske and the others in attendance,
18 reviewed an eight to ten inch stack of documents which Aznaran
19 brought to the meeting. Yanny told the others that these
20 documents concerned the Church of Scientology. After everyone
21 had reviewed them, Aznaran and Wilske left the house with all
22 of the documents. They later returned with copies, which were
23 given to Yanny.

24 21. At another point during the weekend, I was present
25 during a conversation between Yanny and Corydon regarding
26 Corydon's claims against the Church. Yanny counseled Corydon
27 regarding effective responses to difficult questions which
28 were potentially damaging to Corydon during litigation. In

1 particular, Yanny coached Corydon how to falsely claim that
2 the Church had intimidated him.

3 22. Since October of 1987, Yanny has been attempting to
4 get me to adopt a similar "coached" answer in order to help
5 him cover up his involvement in a situation in one of the RTC
6 cases which resulted in sanctions being awarded against Yanny
7 and RTC. On or about October 6, 1987, Yanny ordered me to
8 serve a "Notice of Motion and Motion to Compel the Testimony
9 of Don Aldridge" on Defendants' counsel in Religious
10 Technology Center, et al., v. Robin Scott, et al., Civ.
11 85-711 (MRP) (Ex) and Religious Technology Center, et al.,
12 v. Larry Wollersheim, et al., 85-7197 (MRP)(Ex), currently
13 pending in the United States District Court for the Central
14 District of California. Although I served this motion, to
15 the best of my knowledge it was later rejected for filing by
16 the clerk and no hearing was in fact scheduled. The law firm
17 of Shea & Gould, counsel for defendants in that case,
18 thereafter filed a Motion for Sanctions against Herzig & Yanny
19 to recover their costs of opposing a motion which was never
20 filed and for appearing at a hearing which was neither
21 scheduled nor held. In order to avoid these sanctions, Yanny
22 told the judge, the Church, and opposing counsel that he had
23 never authorized the service of the motion. Then he attempted
24 to get me to perjure myself by backing up his story. Yanny
25 told me to say that the Church had ordered me to serve the
26 documents and that he had not done so. He told me to say that
27 the Church "intimidated me" into making such service. Yanny
28 has attempted to get me to adopt this false scenario on at

1 least three occasions since last fall. The most recent attempt
2 occurred on or about March 26, 1988 during my visit to Yanny and
3 Wilske's residence. Yanny was lecturing Corydon and the others
4 in attendance about RTC's weaknesses he had learned occasioned
5 from being former counsel and demonstrated the above line of
6 questioning to Corydon by having me pretend to be the witness.
7 Yanny asked me, "Why did you serve those documents? Why did you
8 do that?" I responded, "Because the Church told me to do that."
9 Yanny continued, "Why did you do it if the Church told you to;
10 don't you know that you should only do that if an attorney tells
11 you to?" To which I responded as Yanny had coached me. "Because
12 I was intimidated by them." At that point, Yanny turned to
13 Corydon and said, "See?"

14 23. Subsequent to the meeting with Herzig, I observed
15 Yanny, Wynne and the Aznarans meeting at the offices of Herzig
16 & Yanny. I heard Wynne tell the others that he knew an
17 attorney who could handle the Aznarans' case against RTC, CSI
18 and CSC. Wynne and Yanny then informed me that they were
19 going to Wynne's old firm, Cummins & White. They did not
20 return that day.

21 24. During the week of March 28, 1988, Wynne made
22 numerous trips out of the office. Each time, he informed me
23 that he was going to Cummins & White. Wilske and Wynne also
24 informed me they were going to obtain a telecopier machine for
25 Yanny's residence. Yanny also spent much less time at Herzig
26 & Yanny than usual.

27 25. At one point during that week, I heard the bell on
28 the Herzig & Yanny telecopier machine ring while I was

1 working. Since the machine is next to my desk, I could see
2 that the incoming document was a draft of the Aznaran
3 complaint. The complaint had been sent to Wynne by the law
4 firm of Cummins & White. When I told Wilske that this draft
5 complaint had arrived, she took it from me and brought it into
6 Wynne's office.

7 26. In or about this time period, I was at my desk when
8 a DHL Courier delivered a package to Herzig & Yanny. When I
9 opened this package, I saw that it contained a declaration
10 from Vicki Aznaran. I noted that this declaration referred to
11 a \$150,000.00 retainer.

12 27. On or about Friday, April 1, 1988, I was informed by
13 one of the other office workers at Herzig & Yanny that the
14 Aznarans' complaint had been filed and that Yanny was actually
15 present when it was filed.

16 28. Since the dates of the clandestine meetings at
17 Yanny's home, as described in paragraphs 3 through 9 and 13
18 through 22 above, Corydon and the Aznarans have been in
19 constant telephonic communication with the law firm of Herzig
20 & Yanny. Further, on a number of occasions, Yanny has used an
21 investigative service owned by Richard Aznaran to service the
22 needs of his clients.

23 29. During the time that I was employed at Herzig &
24 Yanny, I became aware of certain irregularities in Yanny's
25 relationship with the Church. For example, Yanny routinely
26 billed RTC for work performed by Wilske, then a law clerk, at
27 Yanny's substantially higher partner rate. Further, the
28 office bookkeeper, Eva Raber, complained to me that Yanny was

1 routinely padding RTC's bills.

2 30. In or about the second week of February 1988, an
3 attorney and an RTC Church representative came to Herzig &
4 Yanny's offices to pick up RTC's files so that new counsel
5 could adequately represent RTC. However, prior to that date,
6 I had observed Herzig & Yanny's file clerk, David George,
7 spend 3 days at the copy machine copying documents which I
8 recognized to be documents from the RTC and Church of
9 Scientology cases. To the best of my knowledge, the copies
10 made of the RTC and Church files were not included in the
11 files picked up by the attorney and RTC representative.

12 31. Yanny also retained possession of computer diskettes
13 containing work that Herzig & Yanny had performed for RTC and
14 the other Churches of Scientology during the time that Herzig
15 & Yanny represented these entities. In fact, even after
16 Herzig & Yanny stopped representing RTC, CSI, and CSC, I
17 observed Wilske often print out and utilize copies of
18 pleadings and other documents prepared by Herzig & Yanny on
19 behalf of the Church. To the best of my knowledge, Herzig &
20 Yanny still maintains possession of these files and diskettes.

21 32. Although I believe that it is necessary to expose
22 the aforementioned activities of Yanny and the others, I am
23 extremely concerned about my safety as a result of my
24 testimony. The reason for my concern is that during the time
25 that I was employed with Herzig and Yanny, I observed Yanny
26 drink excessive amounts of alcohol and ingest large quantities
27 of harmful drugs, such as LSD and cocaine. Yanny often
28 directed extremely emotional outbursts toward me and the other

1 Herzig & Yanny employees. During more than one such outburst,
2 Yanny brandished a loaded firearm and a long-bladed knife.
3 Moreover, Yanny often told me that, "I'll treat you fine, but
4 never, ever cross me because I'll find you no matter where you
5 go. I will hunt you down." In the context of Yanny's drug and
6 alcohol abuse and his violent behavior, I understood that
7 these words were a threat against my person which would be
8 carried out if I exposed the truth to which I have testified
9 above.

10 I declare under penalty of perjury that the foregoing is
11 true and correct.

12 Executed this 9th day of June, 1988 at Los Angeles,
13 California.

14 Dorothy Ann Peti.
15 DOROTHY ANN PETI
16
17
18
19
20
21
22
23
24
25
26
27
28



DECLARATION OF WILLIAM NEIL

I, WILLIAM NEIL, do hereby declare and state:

1. I am over 18 years of age and a resident of the state of Texas. I am an attorney licensed to practice law before all the courts of the state of Texas. The facts contained in this declaration are based upon personal knowledge, and if called upon to testify, I could and would do so competently.

2. In 1987, Karen McRae, also an attorney, was employed in my office as a junior ~~associate~~ ^{PARTNER UPON 11.8.89}. In or around April, 1987, Vicki Aznaran, whom I know to be the sister of Karen McRae, also began working in my offices as a paralegal, under her sister. Vicki continued working in my offices until the Fall of 1987.

3. While employed at my office, Vicki Aznaran typed legal documents, drafted pleadings, and performed other similar work which would be done in a law firm by an associate or paralegal. I found Vicki Aznaran's services to be efficient and of high quality. Vicki was legally sophisticated and competent; indeed, I found Vicki so competent that I often gave work to Karen with the expectation that the work would be done by Vicki, and thus be done well. I never observed Vicki to be mentally or emotionally hampered or damaged. She never complained of any impairment, physical or mental, nor of nightmares or other trauma.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 8 day of November, 1989, at Dallas, Texas.


WILLIAM NEIL

PROOF OF SERVICE

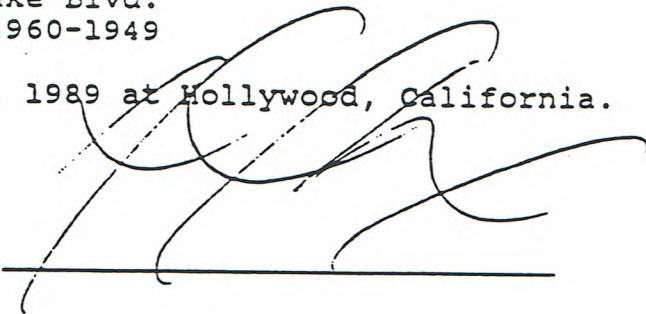
STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On November 9, 1989 I caused to be served the foregoing document described as MEMORANDUM IN SUPPORT OF MOTION FOR A PRELIMINARY INJUNCTION on interested parties in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at Hollywood, California, addressed as follows:

Ford Greene
711 Sir Francis Drake Blvd.
San Anselmo, CA 94960-1949

Executed on November 9, 1989 at Hollywood, California.



000445

#19

LEWIS, D'AMATO, BRISBOIS & BISGAARD
DAVID B. PARKER
GRAHAM E. BERRY
JAYESH PATEL
221 North Figueroa Street, Suite 1200
Los Angeles, California 90012
(213) 250-1800

FILED

MAY 00 1992

BY MARGARITA REINOSO, DEPUTY

JOSEPH A. YANNY, ESQ.
1925 Century Park East
Suite 1260
Los Angeles, California 90067
(213) 551-2966

Attorneys for Amicus Curiae Joseph A. Yanny, an individual
and Joseph A. Yanny, a professional Law Corporation.

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

~~RELIGIOUS TECHNOLOGY CENTER,~~
~~et al.~~

Plaintiff,

Church of Scientology

vs.

Adelman
JOSEPH A. YANNY, et al.,

Defendants.

No. C ~~690211~~

BC 052395

DECLARATION OF GRAHAM E. BERRY
TO ALL EVIDENCE IN SUPPORT OF
AMENDED AMICUS CURIAE BRIEF IN
OPPOSITION TO PLAINTIFFS' ORDER
TO SHOW CAUSE RE PRELIMINARY
INJUNCTION AND SUPPORTING
EXHIBITS

Date: May 14, 1992
Time: 8:30 a.m.
Dept.: 86

[Filed concurrently with Joseph
A. Yanny's Amended Amicus
Curiae Brief]

I, Graham E. Berry, declare:

1. I am an attorney duly licensed to practice before
the courts in the state of California and I am a member of the law
firm of Lewis, D'Amato, Brisbois & Bisgaard, attorneys of record
for amicus curiae Joseph A. Yanny, Esq. in this action.

2. I have personal knowledge of the facts contained in
this declaration and could and would competently testify to those

000446

1 facts if called upon to do so. As to those matters which are
2 stated to be upon information and belief, I believe them to be
3 true.

4 3. This declaration is offered in support of Joseph A.
5 Yanny's amicus curiae brief in opposition to plaintiffs' order to
6 show cause re preliminary injunction.

7 4. Attached hereto as Exhibit A is a copy of a document
8 entitled mutual release of all claims and settlement agreement
9 dated 12-6-86. ("The Armstrong Settlement Agreement.")

10 5. Attached hereto as Exhibit B is a copy of a document
11 entitled settlement agreement and bearing various dates in and
12 around December 6, 1986.

13 6. Attached hereto as Exhibit C is a copy of an order
14 dismissing action with prejudice dated December 11, 1986.

15 7. Attached hereto as Exhibit D is a copy of a minute
16 order entered December 12, 1986.

17 8. Attached hereto as Exhibit E is a copy of reporters
18 transcript of proceedings, December 11, 1986.

19 9. Attached hereto as Exhibit F is a copy of Reporters
20 transcript of hearing dated August 6, 1991 in Religious Technology
21 Center et al v. Joseph A. Yanny, et al. ("The Yanny II Injunction
22 Hearing").

23 10. Attached hereto as Exhibit G is a copy of a
24 memorandum of intended decision and accompanying minute order
25 dated June 22, 1984. ("The Breckenridge Decision in Armstrong
26 I").

27 11. Attached hereto as Exhibit H is a copy of the
28 complaint in Vicki Aznaran and Richard Aznaran v. Church of

1 Scientology et al. ("The Aznaran Complaint").

2 12. Attached hereto as Exhibit I is a copy of a
3 verified complaint in Religious Technology Center et al. v. Joseph
4 A. Yanny, ("The Yanny II Complaint").

5 13. Attached hereto as Exhibit J is a copy of the
6 verified first amended answer in Religious Technology Center et al
7 v. Joseph A. Yanny et al. ("The Yanny II Answer")

8 14. Attached hereto as Exhibit K is a copy of Reporters
9 Transcript of Proceedings, December 23, 1991. ("The Geernaert
10 Decision in Armstrong I")

11 15. Attached hereto as Exhibit L is a copy of a letter
12 and enclosure dated March 13, 1992 from Graham E. Berry of Lewis,
13 D'Amato, Brisbois & Bisgaard to Laurie J. Bartilson of Bowles &
14 Moxon requesting plaintiffs to release Gerald Armstrong from the
15 provisions of the Armstrong Settlement Agreement with regard to
16 Joseph A. Yanny.

17 16. Attached hereto as Exhibit "M" is a copy of a letter
18 from Gerald Armstrong to Eric Lieberman a Scientology attorney
19 dated August 21, 1991 complaining of harassment, surveillance and
20 terrorism.

21 17. Attached hereto as Exhibit N is a copy of reporters
22 transcript of proceedings dated March 3, 1992. ("The Dufficy
23 Decision").

24 18. Attached hereto as Exhibit O is a copy of a meet
25 and confer statement in Religious Technology Center et al v.
26 Joseph A. Yanny ("Yanny II") which explains the Yanny II
27 litigation and underlying facts.

28 //

1
2 19. Attached hereto as Exhibit P is a copy of a
3 Declaration of Gerald Armstrong Dated March 16, 1992.

4 20. Attached hereto as Exhibit Q are deposition
5 excerp2pts from the Deposition of Gerald Armstrong taken on
6 Tuesday, March 17, 1992.

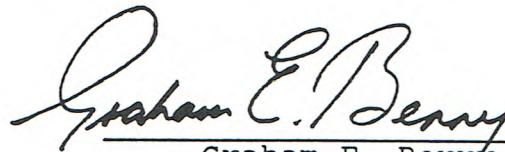
7 21. Attached hereto as Exhibit R are deposition
8 excerpts from the Deposition of Gerald Armstrong taken on April
9 7, 1992.

10 22. Attached hereto as Exhibit S is a copy of L. Ron
11 Hubbard's Technique 88 "Control and Lying".

12 23. Attached hereto as Exhibit T is a copy of
13 "Suppressive Person Declare Gerry Armstrong."

14 I declare under penalty of perjury under the laws of
15 the State of California that the foregoing is true and correct.

16 Executed this 7th day of May, 1992 at Los Angeles,
17 California.

18
19 
20 _____
21 Graham E. Berry
22
23
24
25
26
27
28

FILED

DEC 11 1986

FRANK S. ZOLIN County Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

GERALD ARMSTRONG,

Cross-Complainant,

v.

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, a California
Corporation,

Cross-Defendant.

No. C 420 153

(Severed Action)

ORDER DISMISSING ACTION
WITH PREJUDICE

Upon consideration of the parties' Stipulation for
Dismissal, the "Mutual release of All Claims and Settlement
Agreement" and the entire record herein, it is

ORDERED AND ADJUDGED:

1. That this action is dismissed with prejudice.
2. That an executed duplicate original of the
parties' "Mutual Release of All Claims and Settlement Agreement"
filed herein under seal shall be retained by the Clerk of this
Court under seal.

Dated: December 11, 1986

Paul G. Breckenridge

Hon. Paul G. Breckenridge

000451

DEC. 12, 1986 SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
 NORALEE G BRECKENRIDGE, JR JUDGE
 Deputy Sheriff
 Court Attendant

R. HART

NONE

Deputy Clerk

Reporter

(Parties and counsel checked if present)

NONE

C420153

GERALD ARMSTRONG,

Counsel for
X-- Plaintiff

VS

Counsel for
X-- DefendantCHURCH OF SCIENTOLOGY OF
CALIFORNIA,

NATURE OF PROCEEDINGS: ORDER

The Clerk having this date had conversations with counsel for cross-defendant, John G. Peterson, the Court finds that the document entitled "Mutual Release of All Claims and Settlement Agreement" referred to in the Joint Stipulation of dismissal as and executed copy and referred to in the Order Dismissing Action as an executed duplicated original, has not been filed with the court.

Good cause appearing therefor, the Court orders that the County Clerk may maintain the remaining six (6) exhibits in the normal and regular manner of handling sealed exhibits.

000453

DEPT 57

MINUTES ENTERED

12-12-86

COUNTY CLERK

000454

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. 57

HON. PAUL G. BRECKENRIDGE, JR., JUDGE

GERALD ARMSTRONG,

Cross-Complainant,

vs.

CHURCH OF SCIENTOLOGY OF CALIFORNIA,

Cross-Defendant.

MARY SUE HUBBARD,

Intervenor.

No. C 420 153

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Thursday, December 11, 1986

APPEARANCES:

For the Cross-
Complainant:

CONTOS & BUNCH

By: JULIA DRAGOJEVIC and
MICHAEL FLYNN

5855 Topanga Canyon Boulevard,
Suite 400

Woodland Hills, California 913677

For the Cross-
Defendant:

PETERSON & BRYNAN

By: JOHN G. PETERSON

8530 Wilshire Boulevard, Suite 407
Beverly Hills, California 90211

(Appearances
Continued Inside)

COPY

NANCY L. HARRIS, CSR No. 644
Official Reporter

000455

1 APPEARANCES: (Continued)

2
3 For the Founding
4 Church of Scientology
5 and Intervenor:

MICHAEL LEE HERTZBERG
Pro Hac Vice
275 Madison Avenue
New York, New York 10016

6 Also Present:

LAWRENCE E. HELLER

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
000456

1. LOS ANGELES, CALIFORNIA; THURSDAY, DECEMBER 11, 1986; 4:03 P.M.

2. ---oOo---

3.
4. THE COURT: All right. The parties are here on Armstrong
5. versus Church of Scientology.

6. MR. FLYNN: We are here.

7. After lengthy negotiations, Your Honor, between
8. myself and Mr. Hertzberg on behalf of the Church and
9. Mary Sue Hubbard, we are extremely happy to report to the
10. court that the court will not have to try this case, this
11. counterclaim in March.

12. The parties have resolved the case to the satis-
13. faction of Mr. Armstrong and to myself and to Mr. Hertzberg's
14. client.

15. THE COURT: How about Miss Dragojevic?

16. MS. DRAGOJEVIC: I think I will go along with it.

17. MR. PETERSON: Maybe we should identify ourselves for
18. the record.

19. THE COURT: Yes, probably a good idea.

20. MR. FLYNN: Michael Flynn for Gerald Armstrong.

21. MS. DRAGOJEVIC: Julia Dragojevic for Gerald Armstrong.

22. MR. HELLER: Lawrence Heller, and I am here in case there
23. were any questions. I had a little input in the settlement.

24. MR. PETERSON: John Peterson for the Church of
25. Scientology of California.

26. MR. HERTZBERG: Michael Lee Hertzberg for Mary Sue
27. Hubbard, who is the intervenor in the underlying original case
28. of the Church of Scientology against Gerald Armstrong. 000457

1 MR. FLYNN: Pursuant to the settlement, Your Honor, the
2 parties have entered into a stipulation which we will provide
3 the court to have the return of all documents to the Church
4 with the exception of six documents which are currently under
5 litigation in United States versus Scientology, the case that
6 the government is trying to get six exhibits on, and the order
7 that we provided to the court contemplates the exemption of
8 those six exhibits.

9 We have also entered into a stipulation with
10 regard to the sealing of the court records, and I believe
11 Mr. Hertzberg has copies.

12 MR. PETERSON: I have the original of the stipulations
13 and the order. I would present it to the clerk for filing
14 and she could give it to the court. Might want to follow
15 along.

16 THE COURT: I have read the proposed stipulation and
17 order that have been submitted. And the question arises in my
18 mind, what about the -- does this dismissal have anything at
19 all to do with the underlying case that is presently on
20 appeal?

21 MR. FLYNN: It doesn't, Your Honor.

22 Certain issues in that case are going to remain
23 on appeal pursuant to the stipulation of the parties.

24 THE COURT: Well, won't those exhibits have to remain
25 with the court? As that matter is still on appeal?

26 MR. HERTZBERG: Your Honor --

27 THE COURT: I don't mean the ones that are just sitting
28 down in the clerk's office, but I mean the ones that have been

1 marked and received either as an exhibit for identification or
2 received in evidence in the case.

3 MR. HERTZBERG: I don't believe they all do, Your
4 Honor.

5 I think that the court of appeal has chosen
6 certain exhibits, a discrete number of them which they have
7 before them and they have made that choice, so I don't think --
8 certainly as Your Honor has recognized, none of the other
9 documents would be affected, and I don't know how many
10 documents we are talking about that may be before the court
11 of appeal --

12 THE COURT: Well, I mean, there is a problem. I don't
13 know what the court of appeal is going to do.

14 Let's assume they reverse it and send it back for
15 a new trial. I assume these exhibits will still have to be
16 used if the case is going to be retried on the underlying
17 complaint.

18 MR. FLYNN: Pursuant to the issues that are remaining,
19 Your Honor, I think that the parties' overall stipulation is
20 such that we will not need those exhibits on any retrial if,
21 in fact, there is a retrial.

22 I think Mr. Armstrong is satisfied, and I know
23 I am satisfied, that we won't need them.

24 MR. HERTZBERG: Your Honor, that was a decision that is
25 part of the agreement that was made, a very important part of
26 it, may I add an indispensable part of it. And after
27 Mr. Armstrong consulted with counsel, this is part of what we
28 bargained for.

4
1 So they are willing to proceed on that basis, and
2 I don't think that the court should get involved, frankly.

3 THE COURT: Well, I am just trying to raise an issue
4 here. I don't want six months downstream or a year somebody
5 to start screaming, "Where are these exhibits? We need to
6 retry this case."

7 If the court of appeal does one thing, they
8 affirm, there may be a petition for hearing with the
9 California Supreme Court or with the United States Supreme
10 Court..

11 MR. HERTZBERG: Your Honor, we contemplated all that.

12 That is why these negotiations were so arduous
13 and time consuming, and we have arrived today, all those
14 possibilities were discussed between our side and Mr. Flynn,
15 and each side knows what they are bargaining for here. And
16 Mr. Armstrong has signed a stipulation for return of sealed
17 materials and exhibits which is before Your Honor.

18 The order tracks that. It has the additional
19 language in it that it exempts from the scope of the return
20 those documents that the federal court might be interested in,
21 and that is what the agreement was between the parties.

22 THE COURT: What exhibits does the court of appeal
23 have?

24 MR. FLYNN: I am not sure, Your Honor, but I suppose,
25 having argued the appellate case, I suppose there is a simple
26 answer, also, to Your Honor's question in light of the
27 stipulation. The appeals court could always simply request
28 whatever exhibits it wants from the appellant in that case.

1 THE COURT: In Los Angeles we call it appellant.

2 MR. FLYNN: The appellant, whoever it is, then.

3 THE COURT: That is with the French, Bostonian or
4 something.

5 MR. HERTZBERG: Your Honor, I am informed that the court
6 of appeal asked for 50 documents and they have them. So for
7 the moment, presumably those could not be returned by the
8 clerk of this court.

9 THE COURT: Well, it is the parties' agreement, then,
10 but whatever they have got, the county clerk is no longer to
11 be custodian of those and they will be returned to the parties
12 by stipulation of the parties.

13 MR. HERTZBERG: That is what we stipulated to in
14 writing. That is an integral part of this settlement.

15 MR. PETERSON: And when the 50 documents come back --

16 THE COURT: If it is what the parties want to do, it is
17 okay with me.

18 MR. PETERSON: And when the 50 documents come back from
19 the court of appeal, they also will be turned over to the
20 Church.

21 THE COURT: I think that the court would require a
22 further joint order or stipulation.

23 In other words, I don't want to turn those over
24 if a remittitur comes down, regardless of what it is, or some
25 clerk turns them over without knowing whether or not they
26 might be further needed.

27 MR. HERTZBERG: We agree to that right now.

28 MR. FLYNN: That would be agreeable.

000461

1 THE COURT: Just by stipulation of the parties, it can
2 be released at that time.

3 MR. HELLER: Your Honor, for what little I can give,
4 this insight was accurate.

5 This was an issue that was discussed at length
6 between the parties when negotiations were going on.

7 MR. FLYNN: It is apparently contemplated in
8 paragraph 3 of the proposed order, Your Honor.

9 THE COURT: Well, this implies that immediately when
10 they are returned that they be immediately turned over to
11 the Church without any further --

12 MR. FLYNN: That is agreeable.

13 MR. HERTZBERG: That is agreeable.

14 MR. FLYNN: To Mr. Armstrong.

15 MR. HERTZBERG: This is part of this rather complex
16 process that we have all agreed on.

17 THE COURT: What is this -- under this stipulated
18 sealing order paragraph 2 provides that the entire remaining
19 records of this case, save only this order, the order of
20 dismissal of the case, and then the order necessary to
21 effectuate this order and the order of dismissal, are agreed
22 to be placed under seal of the court.

23 What is it that you have in mind, the file
24 itself?

25 MR. HERTZBERG: Yes, Your Honor. That is the procedure
26 that the Church has insisted on and all courts have agreed to
27 in various other Scientology cases involving Mr. Flynn and
28 others which have been settled.

000462

1 MR. FLYNN: We settled, Your Honor, several cases in
2 the federal district court in Tampa, Florida and recently six
3 cases in the federal district court in Los Angeles.

4 THE COURT: I just want to know what is contemplated so
5 the clerk won't be running around and --

6 MR. FLYNN: I'd say the entire record, I mean the
7 court file.

8 THE COURT: There was a reporter's transcript. There
9 was an original and copies prepared.

10 Of course, those went to the court of appeal.

11 MR. FLYNN: Whatever is in the physical possession of
12 the court --

13 THE COURT: I guess we are talking just basically this
14 multiple set of files will be placed under some kind of seal.

15 MR. HERTZBERG: Your Honor, presumably any materials
16 that come from the court of appeal would then be integrated
17 under that seal.

18 THE COURT: Yes. That would be so understood.

19 Of course, there have been innumerable people in
20 the interim who have come forward and examined the file. I
21 haven't the slightest idea who all those people are, but
22 certainly we can't go back and retract from them whatever they
23 have seen or observed or copied.

24 MR. HERTZBERG: We understand, Your Honor.

25 THE COURT: All right. Then, the court will sign the
26 respective orders.

27 Is that all?

28 MR. FLYNN: Thank you, Your Honor.

000463

1 THE COURT: I guess we should vacate the trial date.

2 Any other notions?

3 MS. DRAGOJEVIC: Mandatory settlement conference.

4 MR. FLYNN: I am sure Your Honor is very sorry to hear
5 all this.

6 THE COURT: We wish you all good luck in the future.

7 You are all welcome to come back and try more
8 cases. Some other subject, perhaps.

9 MR. FLYNN: Being from Boston, I'd like to personally
10 thank you for all your courtesies in the court.

11 THE COURT: Well, we aim to please.

12 MR. HERZBERG: I don't want to be overly inquisitive,
13 but has Your Honor signed the order dismissing the case?

14 THE COURT: I signed whatever orders were submitted.
15 Includes a dismissal.

16 MR. PETERSON: We will verify with the clerk and get a
17 conformed copy.

18 THE CLERK: Do you have originals of these?

19 MR. HELLER: I think those are all originals.

20 THE CLERK: Originals, but they are copies of documents.

21 MR. PETERSON: I think the problem, some of them were
22 signed in counterpart.

23 MR. HELLER: We tried to get all signatures on one
24 because one of them has five or six signatures.

25 THE COURT: Why don't you look over what is there?

26 MR. PETERSON: I think we can work it out with the clerk,
27 any problems with original versus copy, and take care of it.

28 (At 4:17 p.m. the proceedings were adjourned.)

000464

9
SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. 57

HON. PAUL G. BRECKENRIDGE, JR., JUDGE

GERALD ARMSTRONG,

Cross-Complainant,

vs.

CHURCH OF SCIENTOLOGY OF
CALIFORNIA,

Cross-Defendant.

No. C 420 153

REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss

I, NANCY L. HARRIS, Official Reporter of the
Superior Court of the State of California, for the County of
Los Angeles, do hereby certify that the foregoing pages,
1 to 8, inclusive, comprise a true and correct transcript
of the proceedings held in the above-entitled matter on
December 11, 1955.

Dated this 16th day of December, 1955.

Official Reporter

, CSR No. 644

000465